COURT FILE NUMBER	1501-13786	Clerk's Stamp CLERK OF THE COURT FILED JAN 25 2016 CALGARY, ALBERTA
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. 15836621 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	SECOND REPORT OF THE RECEIVER & MANAGER January 25, 2016	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	RECEIVER & MANAGER ERNST & YOUNG INC. 1000, 440 – 2nd Avenue S.W. Calgary, AB T2P 5E9 Neil Narfason / Cassie Riglin Telephone: (403) 206-5067 / (403) 206-5106 Email: neil.narfason@ca.ey.com cassie.riglin@ca.ey.com COUNSEL Borden Ladner Gervais LLP Josef G.A. Kruger, Q.C., Jessica L. Cameron 1900, 520 3rd Ave S.W. Calgary, AB T2P 0R3 Phone: (403) 232-9563/ (403) 232-9715 Fax: (403) 266-1395 Email: jkruger@blg.com jcameron@blg.com	

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INTRODUCTION

1. Ernst & Young Inc. was appointed as Receiver and Manager (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 second report (the "Second Report") of the Receiver is to provide this Honourable Court with the Receiver's comments on:

   a) The proposed sale transaction with Journey Energy Partnership ("Journey"); and

   b) The proposed sale transaction with New North Resources Ltd. ("New North").

TERMS OF REFERENCE

4. Capitalized terms not defined in this Second 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. As of the granting of the Receivership Order, Spyglass had an interest in approximately 2,500 producing oil wells in Alberta. 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") will be heard. 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 is March 10, 2016 (the "Bid Deadline").

11. The Receiver is facing liquidity issues with Spyglass' cash flows, given the further decline in commodity prices since its appointment. As of January 25, 2016, the Receiver's estimated monthly cash flow indicates a loss of approximately $2 million per month. The Receivership is currently being funded by way of Receiver's Borrowings in the form of a $7 million advance from the Syndicate.

12. In order to conduct the SISP without having to obtain further borrowings from the Syndicate, the Receiver is seeking to complete two minor asset transactions prior to the Bid Deadline of March 10, 2016.

PROPOSED SALE TRANSACTION WITH JOURNEY

13. Prior to the within Receivership proceedings, the Company engaged National Bank Financial Inc. (the "Financial Advisor") to act as a financial advisor. Between October and early November 2015, the southern Alberta assets were marketed in their entirety by the Financial Advisor. Approximately 250 parties were contacted resulting in the receipt of 30 signed confidentiality agreements ("CAs") and 11 non-binding proposals (eight asset proposals and three package proposals). Journey, the operator of the property, submitted one of the asset proposals for a number of properties including the Herronton property, an oil and gas property located in Southern Alberta (the "Herronton Property").

14. Subsequent to its appointment, the Receiver signed a letter of intent (the "Southern Alberta LOI") with a third party on the entire southern Alberta package of properties. Under the terms of the Southern Alberta LOI, the Company had the ability to sell three properties out of the southern Alberta package including the Herronton Property, as the potential purchaser was not interested in those properties. Selling these three properties separately would have maximized the recoverable value of the southern Alberta package. Ultimately the third party withdrew their offer on the entire southern Alberta asset package on January 19, 2016 as the result of the decline in commodity prices.

15. While negotiating with the third party on the southern Alberta package, the Company contacted Journey to request they separate their offer for the Herronton Property from the asset proposal previously submitted. Journey conformed and submitted an offer for the Herronton Property, and an LOI was signed by Journey and the Receiver.

16. Subsequent to its appointment, the Receiver reviewed the entire pre-Receivership marketing process conducted by the Company through the Financial Advisor, including all the non-binding LOIs received by the Company in that process. Based upon this review, the Receiver believes that the marketing performed by the Financial Advisor and the Company prior to its Receivership sufficiently canvassed the market. The Receiver is of the view that re-marketing the Herronton Property under the SISP will not produce a better offer.

17. As a result, on January 22, 2016, the Company, the Receiver and their counsel worked to finalize and execute a definitive Asset Purchase & Sale Agreement (the "Journey APA"), resulting in the conditional sale of the Herronton Property (the "Journey Transaction").

18. A redacted copy of the Journey APA is attached as Appendix A. The material terms of the Journey Transaction are as follows:

a) Journey will pay a purchase price subject to adjustments based upon an Effective Date of January 1, 2016, for the Herronton Property;

b) Journey is acquiring the Herronton Property on an "as is, where is" basis, inclusive of Environmental Liabilities and Abandonment and Reclamation Obligations (as defined in the Journey APA); and

c) Closing (as defined in the Journey APA) shall occur within three business days of the grant of the Court Order approving the Journey APA (projected as February 4, 2016).

19. A copy of the fully executed Journey APA is attached to the Confidential Supplement to the Receiver's Second Report dated January 25, 2016 (the "Confidential Supplement").

20. It is the view of both the Receiver and the Company that these details should remain confidential until the closing of the Journey Transaction in order to preserve the integrity of the SISP in the event that the Journey Transaction does not close.

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

RECEIVER'S ANALYSIS OF THE PROPOSED SALE TRANSACTION WITH JOURNEY

22. The Receiver and their counsel were actively involved with senior employees of the Company in considering and approving the Journey Transaction. The Receiver believes that approval of the Journey Transaction is in the best interest of all stakeholders for the following reasons:

a) It arose from the results of the marketing plan of the Financial Advisor which began prior to the Receivership proceedings;

b) The Receiver believes that the Financial Advisor and the Company acted with due diligence in soliciting bids including the bid resulting in the Journey Transaction and terms were negotiated between the parties at arm's length and in good faith;

c) Spyglass is not the operator of any of the wells, pipelines or facilities subject to the Journey Transaction. As a result, no license transfer applications will be submitted to the AER with respect to transferring any AER licenses from Spyglass to Journey. As a result, Spyglass' licensee management rating ("LMR"), being the ratio of its deemed assets to its deemed liabilities in the AER's Licensee Liability Rating Program, Large Facility Liability Management Program and Oilfield Waste Liability Program, is unaffected by the Journey Transaction; and

d) In light of the Receiver's liquidity crisis, the Receiver believes that the Journey Transaction is commercially reasonable, in the best interests of Spyglass' creditors and other stakeholders and will maximize available recovery to creditors.

PROPOSED SALE TRANSACTION WITH NEW NORTH

23. The Company began target marketing the Deer Mountain property, and oil and gas property located north of Edmonton (the "Deer Mountain Property"), in May 2014. To date, seven companies with an interest in the Deer Mountain Property executed CAs. A total of two offers were submitted prior to executing a letter of intent with New North (the "New North LOI"). The New North offer being the best offer submitted, all circumstances considered.

24. One such offer was submitted by Aspenleaf Energy Limited ("Aspenleaf"), the operator of the Deer Mountain Property, who evaluated the property without signing a CA. Aspenleaf submitted an offer that was significantly less than the New North offer. In addition, Aspenleaf has outlined an aggressive capital program for 2016 which limits the potential market for the asset in the current environment. Given the capital program and the Receiver's limited funds, the aggressive capital program would result in Spyglass being unable to fund the program and, therefore, incurring penalties for its share of unfunded capital expenditures for the Deer Mountain Property.

25. Subsequent to executing the New North LOI, a third offer was received. However, given the lack of due diligence conducted by this offeror the Receiver and the Company still considered the New North offer to be the best and most viable offer.

26. As a result, on January 25, 2016, the Company, the Receiver and their counsel worked to finalize and execute a definitive Asset Purchase & Sale Agreement (the "New North APA"),

resulting in the conditional sale of the Deer Mountain Property to New North (the "New North Transaction").

27. A redacted copy of the New North APA is attached as Appendix B. The material terms of the New North Transaction are as follows:

   a) New North will pay a purchase price subject to adjustments based upon an Effective Date of November 1, 2015, for the Deer Mountain Property;

   b) The Receiver holds a deposit, which shall be applied against the purchase price under the New North APA;

   c) New North is acquiring the Deer Mountain Property on an "as is, where is" basis, inclusive of any Environmental Liabilities and Abandonment and Reclamation Obligations (as defined in the New North APA);

   d) Notices of any rights of first refusal ("ROFRs") will be given on an abridged basis, being 15 days' notice; and

   e) Closing (as defined in the New North APA) shall occur within three business days of the grant of the Court Order approving the New North APA (projected as February 4, 2016).

28. A copy of the fully executed New North APA is attached to the Confidential Supplement.

29. It is the view of both the Receiver and the Company that these details should remain confidential until the closing of the New North Transaction in order to preserve the integrity of the SISP in the event that the New North Transaction does not close.

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

RECEIVER'S ANALYSIS OF THE PROPOSED SALE TRANSACTION WITH NEW NORTH

31. The Receiver and their counsel were actively involved with the Company in considering and approving the New North Transaction. The Receiver believes that approval of the New North Transaction is in the best interest of all stakeholders for the following reasons:

a) It arose from the results of a targeted marketing plan which began prior to the Receivership proceedings;

b) The Receiver believes that the Company acted with due diligence in soliciting bids including the bid resulting in the New North Transaction and terms were negotiated between the parties at arm's length and in good faith;

c) Spyglass is not the operator of any of the wells, pipelines or facilities subject to the New North Transaction. As a result, no license transfer applications will be submitted to the AER with respect to transferring any AER licenses from Spyglass to New North. As a result, Spyglass' LMR is unaffected by the New North Transaction; and

d) In light of the Receiver's liquidity crisis, the Receiver believes that the New North Transaction is commercially reasonable, in the best interests of Spyglass' creditors and other stakeholders, and will maximize available recovery to creditors.

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RECOMMENDATIONS

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

a) Journey Transaction; and

b) New North Transaction.

All of which is respectfully submitted this 25th day of January, 2016.

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

Cassie Rigli

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

Cassie Riglin, CA
Senior Manager

Appendix A

PURCHASE AND SALE AGREEMENT

THIS AGREEMENT made as of the 22nd day of January, 2016.

BETWEEN:

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

- and -

JOURNEY ENERGY PARTNERSHIP, by its managing partner Journey Energy Inc., a general partnership under the laws 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 (the "**Appointment Order**"), Ernst & Young Inc. ("**Receiver**") was appointed receiver and manager 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) "**Applicable Law**" means, in relation to any Person, property or circumstance, all laws, statutes, rules, regulations, official directives and orders of Governmental Authorities (whether administrative, legislative, executive or otherwise), including judgments, orders and decrees of courts, commissions or bodies exercising similar functions, as amended, and includes the provisions and conditions of any permit, license or other governmental or regulatory authorization, that are in effect as at the relevant time and are applicable to such person, property or circumstance;

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

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

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

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

(h) "**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;

(i) "**Closing Date**" means the third Business Day after the grant of the Court Order unless otherwise agreed upon in writing by the Parties;

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

(k) "**Court Order**" means an order to be granted by the Court 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;

(l) "**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;

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

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

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

(p) "**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;

(q) "**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 without limitation, 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, without limitation, liabilities to compensate Third Parties for damages and Losses resulting from the items described in items (i), (ii) and (iii) above (including, without limitation, damage to property, personal injury and death) and obligations to take action to prevent or rectify damage to or otherwise protect the Environment;

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

(i) any item or thing owned by Third Parties and licensed to Vendor, or Spyglass, with restrictions on deliverability or disclosure by Vendor, or Spyglass, that prevent conveyance 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' proprietary seismic data;

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

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

(s) "**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, injection, water disposal, measurement, processing, storage or other operations respecting the Leased Substances, including any applicable battery, separator, compressor station, gathering system, pipeline, production storage facility or warehouse, including, without limitation, those field facilities specifically identified in Schedule "B";

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

(u) "**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, including any government-owned entity, having jurisdiction over a Party, the Assets or the Transaction;

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

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

(x) "**Lands**" means 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);

(y) "**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);

(z) "**Licence Transfers**" means, in relation to the Assets, the transfer of any permits, approvals, licences and authorizations granted by any applicable Governmental Authority;

(aa) "**Losses**" means all losses, costs, Claims, damages, expenses, liabilities and obligations which a Party suffers, sustains, pays or incurs, including reasonable legal fees on a solicitor and his own client 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;

(bb) "**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, Assets, 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, Assets, interests and rights pertain to the Petroleum and Natural Gas Rights and the Tangibles, or either of them, including without limitation 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, licenses 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;

(iv) all records, books, documents, licences, reports and data which relate to the Petroleum and Natural Gas Rights and the Tangibles; and

(v) the Wells, including the wellbores and any and all casing,

but specifically excluding the Excluded Assets;

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

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

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

(ii) the terms and conditions of the Title Documents, including, without limitation, 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;

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

(iv) easements, rights of way, servitudes or other similar rights in land, including, without in any way limiting the generality of the foregoing, rights of way and servitudes for highways, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone or cable television conduits, poles, wires or cables;

(v) taxes on Petroleum Substances or the income or revenue therefrom, unless specifically excluded and governmental restrictions on production rates from the Wells or on operations being conducted on the Lands or otherwise affecting the value of any of the Assets;

(vi) 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 cost);

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

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

(ix) 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;

(x) 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;

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

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

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

(xiv) liens granted in the ordinary course of business to a public utility, municipality or Governmental Authority with respect to operations pertaining to any of the Assets;

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

(ff) "**Petroleum and Natural Gas Rights**" means Vendor's entire 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, without limitation, the interests set out and described in Schedule "A";

(gg) "**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 without limitation, sulphur;

(hh) "**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;

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

(jj) "**Sales Taxes**" means all transfer, sales, excise, stamp, license, production, value-added and other like taxes, assessments, charges, duties, fees, levies or other governmental charges of any kind, and includes, but is not limited to, additions by way of penalties, interest and other amounts with respect thereto, but excludes GST;

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

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

(mm) "**Tangibles**" means Vendor's entire interest in and to the Facilities and any and all tangible depreciable property and Assets, if any, which are located within, upon or in the vicinity of the Lands and which 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;

(nn) "**Third Party**" means any individual or entity other than Receiver, Spyglass, Vendor and Purchaser, including without limitation 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;

(oo) "**this Agreement**", "**herein**", "**hereto**", "**hereof**" and similar expressions mean and refer to this Agreement;

(pp) "**Title Documents**" means, collectively, any and all certificates of title, leases, reservations, permits, licences, 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 such definition shall include, where applicable, those documents set out in Schedule "A";

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

(rr) "**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" but excluding the 100/07-22-019-25W4/00 ATCOR ET AL HERRON 7-22-19-25 well.

1.2 Headings

The expressions "article", "section", "subsection", "clause", "subclause", "paragraph" and "Schedule" followed by a number or letter or combination thereof mean and refer to the specified article, section, subsection, clause, subclause, paragraph and schedule of or to this Agreement.

1.3 Interpretation Not Affected by Headings

The division of this Agreement into articles, sections, subsections, clauses, subclauses and paragraphs 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 Included Words

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. In addition, the word "include" and derivatives thereof shall be read as if followed by the phrase "without limitation".

1.5 Schedules

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

Schedule "A" - Lands

		Petroleum and Natural Gas Rights
Schedule "B"	-	Wells Facilities
Schedule "C"	-	General Conveyance
Schedule "D"	-	Form of Officer's Certificate
Schedule "E"	-	Form of Court Order
Schedule "F"	-	GST Election

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 include, without limitation, reasonable legal fees and disbursements on a solicitor and client and full indemnity basis.

1.7 Derivatives

Where a term is defined herein, a capitalized derivative of such term shall have a corresponding meaning unless the context otherwise requires.

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, hereby agrees to sell, assign, transfer, convey and set over to Purchaser, and Purchaser hereby agrees to purchase from Vendor, all of the 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 of this Agreement.

2.2 Purchase Price

The agg[redacted]or's interest in and to the Assets shall be [redacted] (the "**Purchase Price**") plus applicable G[redacted]axes, 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 in the amount of [redacted] adjusted pursuant to section 7.2(a), payable by the Purchaser to the Vendor at Closing, and

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

2.3 Allocation of Purchase Price

The Parties shall allocate the Purchase Price as follows:

[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, and 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 "C", duly executed by Vendor;

(ii) the Officer's Certificate substantially in the form attached as Schedule "D", 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 certified 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 two (2) Business Days 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/or 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 "C", duly executed by Purchaser;

(iv) the Officer's Certificate substantially in the form attached as Schedule "D", 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. At a reasonable time prior to Closing, Vendor shall use reasonable efforts to prepare and provide for Purchaser's review all Specific Conveyances at Vendor's own cost and expense. The Parties shall execute such Specific Conveyances at Closing. None of the Specific Conveyances shall confer or impose upon either Party any greater right or obligation than as contemplated in this Agreement. Promptly after Closing, Purchaser shall register and/or distribute (as applicable) all such Specific Conveyances and 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 such original copies of the Title Documents and any other agreements and documents to which the Assets are subject and such original copies of contracts, agreements, records, books, documents, licenses, reports and data comprising Miscellaneous Interests which are now in the possession of Vendor or of which Vendor gains possession of prior to, or within 90 days of, Closing.

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 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 RT0001
Purchaser	88465 9913 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 Generally

The Parties acknowledge that the Purchase Price is exclusive of all Sales Taxes. Purchaser shall be solely responsible for 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 or other entity within the required time period and shall file all necessary documentation with respect to such Sales Taxes when due. 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.

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 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, 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. All costs, fees, expenses, penalties or levies that are incurred by Vendor in order to effect the assignment of such interests shall be the sole responsibility of Purchaser, and Purchaser agrees to pay on behalf of the Vendor any such 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; and

(b) there shall not have been instituted any legal proceedings to obtain, and no court or Governmental Authority of competent jurisdiction shall have issued, promulgated, enforced or entered any judgment, decree, injunction or other order, whether temporary, preliminary or permanent, that restrains, enjoins or otherwise prohibits consummation of the 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 February 3, 2016, 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 as of the Closing Date;

(b) Purchaser be satisfied, acting reasonably, with the results of the due diligence conducted by it pursuant hereto on or before January 25, 2016; and

(c) 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 section 10.13.

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 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; and

(c) all amounts to be paid by Purchaser to Vendor at Closing, including, without limitation, the Purchase Price, shall have been paid to the 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 section 10.13.

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 and Receiver

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

(a) Receiver has been appointed by the Court as receiver and manager of Spyglass and such appointment is valid and subsisting; and

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

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) except for obtaining the Court Order, 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 license applicable to Purchaser;

(e) provided the Court Order is obtained, 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 requirement therefor 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);

(j) Purchaser has, or three (3) Business Days prior to Closing will have and at Closing will have, an Alberta Energy Regulator Liability Management Rating of at least 1.0 and a Licencee Liability Ratio 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;

(k) Purchaser is in compliance with all the requirements of all Governmental Authorities, including the Alberta Energy Regulator and the Department of Energy;

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

(m) 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 any of its 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, without limitation, 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.

5.2 Survival of Representations and Warranties

The representations and warranties in section 4.2 shall be true as of the date hereof and on the Closing Date, and such representations and warranties shall continue in full force and effect and shall survive the Closing Date for a period of six (6) months, 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 such period, written notice specifying such breach in reasonable detail has been 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.

6.2 Environmental Matters and Abandonment and Reclamation Obligations

Purchaser acknowledges that, insofar as the Environmental condition of the Assets is concerned, it will acquire 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, 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 it 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 (including, without limitation, whether occurring or accruing 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 (including, without limitation, whether occurring or accruing prior to, on or after the Closing Date) in respect of the Lands, Wells and Facilities. This assumption of liability and indemnity shall apply without limit and without regard to cause or causes, including the negligence, whether sole, concurrent, gross, active, passive, primary or secondary, or the wilful or wanton misconduct or recklessness of Vendor and/or its Representatives, or 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 Vendor and/or 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 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 do either or both of the following:

(i) assume carriage of the defence of the Third Party Claim using legal counsel of its choice and at its sole cost; 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 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 co-operate with the Indemnitor to permit the Indemnitor to pursue such subrogated Claims as reasonably requested by 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, without limitation, maintenance, development, capital and operating costs) and all revenues relating to the Assets (including, without limitation, 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 facilities interests included in the Assets which have not been applied to the payment of costs prior to the Closing Date and stand to the credit of Spyglass or Vendor will be transferred to Purchaser and an adjustment will be made in favour of Vendor equal to the amount of the advance transferred;

(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 Date 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) Relating to the Assets only, 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 liability which relates to the period which arose prior to the Effective Date and which will not constitute a liability to 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 a statement 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 the 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. An adjustment payable by a Party after Closing pursuant to this section 7.2 which is not paid within fifteen (15) Business Days of a written request for payment from the other Party, shall bear interest at the Prime Rate plus one percent (1%) per annum payable by the paying Party to the other Party from the end of such fifteen (15) Business Day period until the adjustment is paid.

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 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 $50,000.00, 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 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: 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, and such termination shall not constitute a failure of Vendor's representations and warranties pertaining to such Assets, notwithstanding section 5.2.

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) To the extent applicable, within two (2) Business Days following Closing, Vendor shall prepare and, where applicable, electronically submit, an application to the applicable Governmental Authorities for Licence Transfers and Purchaser or its nominee shall, where applicable, electronically ratify and sign such application.

(b) If a Governmental Authority denies a Licence Transfer because of misdescription or other minor deficiencies in the application, Vendor shall, within two (2) Business Days of such denial, or such other time as may be reasonable in the circumstances, correct the application and amend and re-submit the application for the Licence Transfer and Purchaser or its nominee shall, where applicable, electronically ratify and sign such application.

(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 License 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 instructions (including any election deemed 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 may not be able to transfer operatorship of some or all of such Assets to Purchaser at or after Closing. Vendor covenants with Purchaser that Vendor shall reasonably cooperate with Purchaser to obtain appropriate consents and approvals for the assignment and transfer to Purchaser of operatorship of those of the Assets of which Vendor is currently the operator.

ARTICLE 9
PURCHASER'S REVIEW AND ACCESS TO BOOKS AND RECORDS

9.1 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.

9.2 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, licenses, 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, but not limited to, 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.

9.3 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 10
GENERAL

10.1 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.

10.2 No Merger

The covenants, representations, warranties and indemnities contained in this Agreement shall be deemed to be restated in any and all assignments, conveyances, transfers and other documents conveying the interests of Vendor in and to the Assets to Purchaser, subject to any and all time and other limitations contained in this Agreement. There shall not be any merger of any covenant, representation, warranty or indemnity in such assignments, conveyances, transfers and other documents notwithstanding any rule of law, equity or statute to the contrary and such rules are hereby waived.

10.3 Receiver

Purchaser acknowledges that Receiver is acting solely in its capacity as the Court-appointed receiver and manager 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, in its or their personal or corporate capacity, whether such liability be in contract, tort or otherwise.

10.4 Entire Agreement

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, the provisions of this Agreement shall prevail. In the event that Closing occurs, this Agreement supersedes all other agreements (other than Confidentiality Agreement dated June 16, 2015 between Spyglass and Purchaser, and Confidentiality Agreement dated October 22, 2015 between Spyglass 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 subject matter hereof.

10.5 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.

10.6 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. 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.

10.7 Time of Essence

Time shall be of the essence in this Agreement.

10.8 Notices

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

Vendor - **Ernst & Young Inc.**
1000, 440 - 2nd Avenue SW
Calgary, AB
T2P 5E9

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

Purchaser - **Journey Energy Partnership**
700, 517 – 10th Avenue, SW
Calgary, AB
T2R 0A8

Attention: Vice President, Land
Fax: 403-695-1775

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.

10.9 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.

10.10 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.

10.11 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.

10.12 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 regulatory 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.

10.13 Sealing Order

Vendor may, at its discretion, apply to the Court for a sealing order with respect to Vendor's Report (the "Confidential Report") containing the financial and other confidential details of the Transaction, 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.

10.14 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.

10.15 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 10.15 shall survive the Closing Date indefinitely.

10.16 Counterpart Execution

This Agreement may be executed and delivered in counterpart and transmitted by facsimile 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 and manager of **SPYGLASS RESOURCES CORP.**, and not in its personal or corporate capacity

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

JOURNEY ENERGY PARTNERSHIP by its managing partner Journey Energy Inc.

Per: ______________________________
Name: Anthony Polini
Title: Vice President, Land

10.16 Counterpart Execution

This Agreement may be executed and delivered in counterpart and transmitted by facsimile 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 and manager of **SPYGLASS RESOURCES CORP.**, and not in its personal or corporate capacity	**JOURNEY ENERGY PARTNERSHIP by its managing partner Journey Energy Inc.**
Per:	Per:
Name: Neil Narfason	Name: Anthony Polini
Title: Senior Vice President	Title: Vice President, Land
Per:	
Name:	
Title:	

CM

THE FOLLOWING COMPRISES SCHEDULE "A" ATTACHED TO AND FORMING PART OF A PURCHASE AND SALE AGREEMENT DATED THE **22nd** DAY OF **January**, 2016 BETWEEN ERNST & YOUNG INC., solely in its capacity as receiver and manager of SPYGLASS RESOURCES CORP., and not in its personal or corporate capacity, and **JOURNEY ENERGY PARTNERSHIP**

Lands and Petroleum and Natural Gas Rights

The following 17 pages comprise Schedule "A".

SPYGLASS RESOURCES CORP.

Mineral Property Report

HERRONTON AREA PROPERTY REPORT

Generated by CINDY MILLER on January 21, 2016 at 4:38:49 pm.

Selection

Select By DLS:	T019 R25 W4M

EXPLORER Software Solutions Ltd.

CS*EXPLORER Version: 9.10.04

SPYGLASS RESOURCES CORP.

Mineral Property Report

Print Options

Acres / Hectares:	Acres		
Working Interest DOI:	Yes		
Other DOI:	Rental		
Related Contracts:	Yes	**Related Units:**	Yes
Royalty Information:	Yes	**Expand:**	Yes
Well Information:	Yes		
Remarks:	No		
Acreage:	Developed / Undeveloped		

Sort Options

Division:	Yes
Category:	No
Province:	No
Area:	No
Location:	Yes

EXPLORER
Software Solutions Ltd.

CS*EXPLORER Version: 9.1004

SPYGLASS RESOURCES CORP.
Mineral Property Report

Division: SOUTH

HERRONTON AREA PROPERTY REPORT

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code		Lease Description / Rights Held
M007608	PNG CR	Eff: Oct 18, 1986	0.000	C003821 A No	WI		Area : GRANUM
Sub: A	WI	Exp: Oct 17, 1991	0.000	SPYGLASS RES	17.30000000		TWP 19 RGE 25 W4M 16
ACTIVE	0486100466	Ext: 15	0.000	COASTAL RESOUR	2.32000000		PNG FROM BASE BELLY_RIVER TO
	JOURNEY PRT			TAQA NORTH	3.48000000		BASE TURNER_VALLEY
100.00000000	JOURNEY ENERGY	Count Acreage = No		JOURNEY PRT	76.90000000		EXCL PNG IN TURNER_VALLEY
							(UNITIZED INTERVAL 1729 - 1752
				Total Rental: 0.00			M KB)

Status		Acres	Net		Acres	Net
DEVELOPED	Dev:	0.000	0.000	Undev:	0.000	0.000

Related Contracts

C003821 A	JOA	Mar 01, 1991
PS00530 A	P&S	Jun 29, 2010 (I)

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: WI	(C)
ALBERTA DEPT	100.00000000	SPYGLASS RES	17.30000000
		COASTAL RESOUR	2.32000000
		TAQA NORTH	3.48000000
		JOURNEY PRT	76.90000000

Well U.W.I. Status/Type
100/01-16-019-25-W4/00 LOCATION/OIL

M007608	PNG CR	Eff: Oct 18, 1986	640.000	UA4031 Bypass	UNIT INT	PRE-UNIT	Area : GRANUM
Sub: B	WI	Exp: Oct 17, 1991	640.000	SPYGLASS RES	14.27500000	17.30000000	TWP 19 RGE 25 W4M 16
ACTIVE	0486100466	Ext: UNITIZED	91.360	JOURNEY PRT	74.70000000	76.90000000	PNG IN TURNER_VALLEY (UNITIZED

SPYGLASS RESOURCES CORP.
Mineral Property Report

HERRONTON AREA PROPERTY REPORT

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s) *	DOI Code	*	Lease Description / Rights Held
(cont'd)						
M007608						
Sub: B	JOURNEY PRT		COASTAL RESOUR	1.91000000	2.32000000	INTERVAL 1729 - 1752 M KB)
100.00000000	JOURNEY ENERGY		TAQA NORTH	2.86500000	3.48000000	
			CONOCO ENERGY	6.25000000		
			Total Rental: 896.00			

Status		Acres	Net		Acres	Net
DEVELOPED	Dev:	640.000	91.360	Undev:	0.000	0.000

Related Contracts

C003821 D	JOA	Mar 01, 1991
PS00530 A	P&S	Jun 29, 2010 (I)
UA4031	UNIT	Nov 01, 1993
UA4031 A	UNIT	Nov 01, 1993

Well U.W.I.	Status/Type
100/15-16-019-25-W4/00	FLOWING/GAS

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: UNIT INT (C)	
ALBERTA DEPT.	100.00000000	SPYGLASS RES	14.27500000
		JOURNEY PRT	74.70000000
		COASTAL RESOUR	1.91000000
		TAQA NORTH	2.86500000
		CONOCO ENERGY	6.25000000

Related Units

Unit File No	Effective Date	Unit Name	Unit Operator
UA4031	Jul 01, 2003	HERRONTON TURNER VALLEY UNIT NO. 1	JOURNEY PRT

SPYGLASS RESOURCES CORP.
Mineral Property Report

Division: SOUTH

HERRONTON AREA PROPERTY REPORT

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s) *	DOI Code *		Lease Description / Rights Held

(cont'd)
M007608 B

Related Units

Zone: PNG IN TURNER VALLEY
(UNITIZED INTERVAL 1729 - 1752 M KB)

Unit File No	Effective Date	Unit Name	Unit Operator
UA4031	Jul 01, 2003	HERRONTON TURNER VALLEY UNIT NO. 1	JOURNEY PRT
Sub: A	Tract Number: 1		Tract Part%: 50.00000000

M004765	PNG FH	Eff: Feb 01, 2003	320.000	UA4031 Bypass	UNIT INT	PRE-UNIT	Area : GRANUM
Sub: A	WI	Exp: Jan 31, 2102	320.000	SPYGLASS RES	14.27500000	11.25000000	TWP 19 RGE 25 W4M S21
ACTIVE	GREEN ET AL	Ext: UNITIZED	45.680	JOURNEY PRT	74.70000000	72.50000000	PNG IN TURNER_VALLEY
	JOURNEY ENERGY			COASTAL RESOUR	1.91000000	1.50000000	(UNITIZED INTERVAL 1729 - 1752
100.00000000	JOURNEY ENERGY			TAQA NORTH	2.86500000	2.25000000	M KB)
				CONOCO ENERGY	6.25000000	12.50000000	

Total Rental: 320.00

Status		Acres	Net		Acres	Net
DEVELOPED	Dev:	320.000	45.680	Undev:	0.000	0.000

Related Contracts

C003820 B	FARM&ROY	Apr 26, 1990
PS00530 A	P&S	Jun 29, 2010 (I)
UA4031	UNIT	Nov 01, 1993
UA4031 B	UNIT	Nov 01, 1993

Well U.W.I.	Status/Type
100/02-21-019-25-W4/00	FLOWING/GAS

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD

Roy Percent: 16.00000000
Deduction: NO
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:

File Number / File Status / Mineral Int	Lse Type / Int Type / Operator / Payor	Lessor Type / Lse No/Name	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held

(cont'd)

Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M)		Paid by: PRE-UNIT (C)	
GREEN, O	20.00000000	SPYGLASS RES	11.25000000
WHITE, T	20.00000000	JOURNEY PRT	72.50000000
WILLOCKS, L	20.00000000	CONOCO ENERGY	12.50000000
GREEN, G&R	20.00000000	COASTAL RESOUR	1.50000000
GREEN/WENDELBOE	20.00000000	TAQA NORTH	2.25000000

Related Units

Unit File No	Effective Date	Unit Name	Unit Operator
UA4031	Jul 01, 2003	HERRONTON TURNER VALLEY UNIT NO. 1	JOURNEY PRT
Zone:		PNG IN TURNER VALLEY (UNITIZED INTERVAL 1729 - 1752 M KB)	

Unit File No	Effective Date	Unit Name	Unit Operator
UA4031	Jul 01, 2003	HERRONTON TURNER VALLEY UNIT NO. 1	JOURNEY PRT
Sub: B	Tract Number: 2		Tract Part%: 25.00000000

File Number / File Status / Mineral Int	Lse Type / Int Type / Operator / Payor	Lessor Type / Lse No/Name	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M004765	PNG	FH Eff: Feb 01, 2003	320.000	C003820 A No	WI	Area : GRANUM
Sub: B	WI	Exp: Jan 31, 2102	320.000	SPYGLASS RES	11.25000000	TWP 19 RGE 25 W4M S21
ACTIVE	GREEN ET AL	Ext: HBP	36.000	JOURNEY PRT	72.50000000	PNG FROM BASE BELLY_RIVER TO
	JOURNEY ENERGY			CONOCO ENERGY	12.50000000	TOP TURNER_VALLEY
100.00000000	JOURNEY ENERGY	Count Acreage = No		COASTAL RESOUR	1.50000000	(EXCL PNG IN TURNER_VALLEY
				TAQA NORTH	2.25000000	UNITIZED INTERVAL 1729 - 1752 M KB)

Total Rental: 0.00

Status	Acres	Net	Acres	Net

Related Contracts

C003820 A	FARM&ROY	Apr 26, 1990

SPYGLASS RESOURCES CORP.
Mineral Property Report

HERRONTON AREA PROPERTY REPORT

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s) *		DOI Code *		Lease Description / Rights Held		
(cont'd)										
M004765 Sub: B	DEVELOPED	Dev:	320.000	36.000	Undev:	0.000	0.000	PS00530 A	P&S	Jun 29, 2010 (I)

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000 % of PROD

Roy Percent: 16.00000000
Deduction: NO
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: WI (C)	
GREEN, O	20.00000000	SPYGLASS RES	11.25000000
WHITE, T	20.00000000	JOURNEY PRT	72.50000000
WILLOCKS, L	20.00000000	CONOCO ENERGY	12.50000000
GREEN, G&R	20.00000000	COASTAL RESOUR	1.50000000
GREEN/WENDELBOE	20.00000000	TAQA NORTH	2.25000000

M004765	PNG FH	Eff: Feb 01, 2003	320.000	C003820 C No	WI
Sub: C	WI	Exp: Jan 31, 2102	320.000	SPYGLASS RES	11.25000000
ACTIVE	GREEN ET AL	Ext: HBP	36.000	JOURNEY PRT	87.25000000
	JOURNEY ENERGY			COASTAL RESOUR	1.50000000
100.00000000	JOURNEY ENERGY	Count Acreage = No			
				Total Rental: 0.00	

Area : GRANUM
TWP 19 RGE 25 W4M S21
(PNG BELOW BASE TURNER VALLEY UNITIZED ZONE TO BASE TURNER VALLEY)

Status	Acres	Net	Acres	Net

Related Contracts

C003820 C	FARM&ROY	Apr 26, 1990

SPYGLASS RESOURCES CORP.
Mineral Property Report

HERRONTON AREA PROPERTY REPORT

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s) *	DOI Code *		Lease Description / Rights Held

(cont'd)

M004765						
Sub: C	DEVELOPED	Dev:	320.000	36.000	Undev:	0.000 0.000

Royalty / Encumbrances

Royalty Type		Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY		GAS	N	N	100.00000000 % of PROD
Roy Percent:	16.00000000				
Deduction:	NO				
Gas: Royalty:			Min Pay:		Prod/Sales:
S/S OIL: Min:		Max:	Div:		Prod/Sales:
Other Percent:			Min:		Prod/Sales:

Paid to: LESSOR (M)		Paid by: WI	(C)
GREEN, O	20.00000000	SPYGLASS RES	11.25000000
WHITE, T	20.00000000	JOURNEY PRT	87.25000000
WILLOCKS, L	20.00000000	COASTAL RESOUR	1.50000000
GREEN, G&R	20.00000000		
GREEN/WENDELBOE	20.00000000		

M004792	PNG FH	Eff: Feb 01, 2003	320.000	UA4031 Bypass		UNIT INT	PRE-UNIT	Area : GRANUM
Sub: A	WI	Exp: Jan 31, 2102	320.000	SPYGLASS RES		14.27500000	11.25000000	TWP 19 RGE 25 W4M N21
ACTIVE	MALMBERG	Ext: HBU	45.680	JOURNEY PRT		74.70000000	72.50000000	PNG IN TURNER_VALLEY
	JOURNEY ENERGY			COASTAL RESOUR		1.91000000	1.50000000	(UNITIZED INTERVAL 1729 - 1752
100.00000000	JOURNEY ENERGY			TAQA NORTH		2.86500000	2.25000000	M KB)
				CONOCO ENERGY		6.25000000	12.50000000	

Total Rental: 320.00

Related Contracts

C003820 B	FARM&ROY	Apr 26, 1990
PS00530 A	P&S	Jun 29, 2010 (I)

SPYGLASS RESOURCES CORP.
Mineral Property Report

Division: SOUTH

HERRONTON AREA PROPERTY REPORT

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code		
File Status	Int Type / Lse No/Name	Gross				
Mineral Int	Operator / Payor	Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M004792
Sub: A

Status		Acres	Net		Acres	Net
DEVELOPED	Dev:	320.000	45.680	Undev:	0.000	0.000

UA4031	UNIT	Nov 01, 1993
UA4031 C	UNIT	Nov 01, 1993

------- Well U.W.I.	Status/Type -------
100/02-21-019-25-W4/00	FLOWING/GAS

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD

Roy Percent: 16.00000000
Deduction: NO
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: PAIDTO (R)		Paid by: PRE-UNIT (C)	
ACCT DONALD MAL	12.50000000	SPYGLASS RES	11.25000000
ACCT CHRIS MALM	6.25000000	JOURNEY PRT	72.50000000
ACCT BARB GREEN	12.50000000	CONOCO ENERGY	12.50000000
MALMBERG J P	50.00000000	COASTAL RESOUR	1.50000000
MALMBERG CF	12.50000000	TAQA NORTH	2.25000000
MALMBERG B	6.25000000		

Related Units

Unit File No	Effective Date	Unit Name	Unit Operator
UA4031	Jul 01, 2003	HERRONTON TURNER VALLEY UNIT NO. 1	JOURNEY PRT
Zone:		PNG IN TURNER VALLEY (UNITIZED INTERVAL 1729 - 1752 M KB)	

Unit File No	Effective Date	Unit Name	Unit Operator
UA4031	Jul 01, 2003	HERRONTON TURNER VALLEY UNIT NO. 1	JOURNEY PRT
Sub: C	Tract Number: 3		Tract Part%: 25.00000000

SPYGLASS RESOURCES CORP.
Mineral Property Report

Division: SOUTH

HERRONTON AREA PROPERTY REPORT

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross Net	Oper.Cont. ROFR / DOI Partner(s)	DOI Code	Lease Description / Rights Held
M004792	PNG FH	Eff: Feb 01, 2003	320.000	C003820 A No	WI	Area : GRANUM
Sub: B	WI	Exp: Jan 31, 2102	320.000	SPYGLASS RES	11.25000000	TWP 19 RGE 25 W4M N21
ACTIVE	MALMBERG		36.000	JOURNEY PRT	72.50000000	PNG FROM BASE BELLY_RIVER TO
	JOURNEY ENERGY			CONOCO ENERGY	12.50000000	TOP TURNER_VALLEY
100.00000000	JOURNEY ENERGY	Count Acreage = No		COASTAL RESOUR	1.50000000	(EXCL PNG IN TURNER_VALLEY
				TAQA NORTH	2.25000000	UNIT NO. A UNITIZED INTERVAL
						1729 - 1752 M KB)
				Total Rental: 0.00		

Status		Acres	Net		Acres	Net
DEVELOPED	Dev:	320.000	36.000	Undev:	0.000	0.000

Related Contracts

C003820 A	FARM&ROY	Apr 26, 1990
PS00530 A	P&S	Jun 29, 2010 (I)

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD

Roy Percent: 16.00000000
Deduction: NO
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: PAIDTO (R)		Paid by: WI (C)	
ACCT DONALD MAL	12.50000000	SPYGLASS RES	11.25000000
ACCT CHRIS MALM	6.25000000	JOURNEY PRT	72.50000000
ACCT BARB GREEN	12.50000000	CONOCO ENERGY	12.50000000
MALMBERG J P	50.00000000	COASTAL RESOUR	1.50000000
MALMBERG CF	12.50000000	TAQA NORTH	2.25000000
MALMBERG B	6.25000000		

SPYGLASS RESOURCES CORP.
Mineral Property Report

Division: SOUTH

HERRONTON AREA PROPERTY REPORT

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M004792	PNG FH	Eff: Feb 01, 2003	320.000	C003820 C No	WI	Area . GRANUM
Sub: C	WI	Exp: Jan 31, 2102	320.000	SPYGLASS RES	11.25000000	TWP 19 RGE 25 W4M N21
ACTIVE	MALMBERG		36.000	JOURNEY PRT	87.25000000	(PNG FROM BASE TURNER VALLEY
	JOURNEY ENERGY			COASTAL RESOUR	1.50000000	UNIT NO. 1 TO BASE TURNER
100.00000000	JOURNEY ENERGY	Count Acreage = No				VALLEY)
				Total Rental: 0.00		(UNITIZED INTERVAL 1729 - 1752 M KB)

Status		Acres	Net		Acres	Net
DEVELOPED	Dev:	320.000	36.000	Undev:	0.000	0.000

Related Contracts

C003820 C FARM&ROY Apr 26, 1990

Well U.W.I. — Status/Type

100/16-21-019-25-W4/00 FLOWING/OIL

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD

Roy Percent: 16.00000000
Deduction: NO
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: PAIDTO (R)		Paid by: WI (C)	
ACCT DONALD MAL	12.50000000	SPYGLASS RES	11.25000000
ACCT CHRIS MALM	6.25000000	JOURNEY PRT	87.25000000
ACCT BARB GREEN	12.50000000	COASTAL RESOUR	1.50000000
MALMBERG J P	50.00000000		
MALMBERG CF	12.50000000		
MALMBERG B	6.25000000		

M007608	PNG CR	Eff: Oct 18, 1986	320.000	C003821 B No	WI	Area : GRANUM

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure / Gross / Net	Oper.Cont. ROFR / DoI Partner(s)	DOI Code	Lease Description / Rights Held
(cont'd)						
M007608						
Sub: C	WI	Exp: Oct 17, 1991	320.000	SPYGLASS RES	8.65000000	TWP 19 RGE 25 W4M N22
ACTIVE	0486100466	Ext: 15	27.680	JOURNEY PRT	88.45000000	PNG FROM BASE MANNVILLE TO BASE
	JOURNEY PRT			COASTAL RESOUR	1.16000000	TURNER_VALLEY
100.00000000	JOURNEY ENERGY			TAQA NORTH	1.74000000	
				Total Rental: 448.00		

Related Contracts

C003821 B	JOA	Mar 01, 1991
PS00530 A	P&S	Jun 29, 2010 (I)

Status		Acres	Net		Acres	Net
UNDEVELOPED	Dev:	0.000	0.000	Undev:	320.000	27.680

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:
Deduction: STANDARD

Gas: Royalty:		**Min Pay:**	**Prod/Sales:**
S/S OIL: Min:	**Max:**	**Div:**	**Prod/Sales:**
Other Percent:		**Min:**	**Prod/Sales:**

Paid to: LESSOR (M)		Paid by: WI (C)	
ALBERTA DEPT	100.00000000	SPYGLASS RES	8.65000000
		JOURNEY PRT	88.45000000
		COASTAL RESOUR	1.16000000
		TAQA NORTH	1.74000000

M007608	PNG	CR	Eff: Oct 18, 1986	320.000	C003821 B No	WI	Area : GRANUM

SPYGLASS RESOURCES CORP.
Mineral Property Report

Division: SOUTH

HERRONTON AREA PROPERTY REPORT

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
(cont'd)						
M007608						
Sub: D	WI	Exp: Oct 17, 1991	320.000	SPYGLASS RES	8.65000000	TWP 19 RGE 25 W4M S22
ACTIVE	0486100466	Ext: 15	27.680	JOURNEY PRT	88.45000000	PNG FROM BASE BELLY_RIVER TO
	JOURNEY PRT			COASTAL RESOUR	1.16000000	BASE TURNER_VALLEY
100.00000000	JOURNEY ENERGY			TAQA NORTH	1.74000000	

Total Rental: 448.00

Status		Acres	Net		Acres	Net
DEVELOPED	Dev:	320.000	27.680	Undev:	0.000	0.000

Related Contracts

C003821 C	JOA	Mar 01, 1991
PS00530 A	P&S	Jun 29, 2010 (I)
C003821 B	JOA	Mar 01, 1991

Well U.W.I.	Status/Type
100/05-22-019-25-W4/00	ABANDONED/UNK
100/08-22-019-25-W4/00	PUMPING/OIL

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M)		Paid by: WI (C)	
ALBERTA DEPT	100.00000000	SPYGLASS RES	8.65000000
		JOURNEY PRT	88.45000000
		COASTAL RESOUR	1.16000000
		TAQA NORTH	1.74000000

SPYGLASS RESOURCES CORP.
Mineral Property Report

Division: SOUTH

HERRONTON AREA PROPERTY REPORT

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	*	DOI Code / *	Lease Description / Rights Held

Division Total:	**Total Gross:**	1,920.000	**Total Net:**	238.080				
	Dev Gross:	1,600.000	**Dev Net:**	210.400	**Undev Gross:**	320.000	**Undev Net:**	27.680
Report Total:	**Total Gross:**	1,920.000	**Total Net:**	238.080				
	Dev Gross:	1,600.000	**Dev Net:**	210.400	**Undev Gross:**	320.000	**Undev Net:**	27.680

** End of Report **

THE FOLLOWING COMPRISES SCHEDULE "B" ATTACHED TO AND FORMING PART OF A PURCHASE AND SALE AGREEMENT DATED THE **22nd** DAY OF **January**, 2016 BETWEEN ERNST & YOUNG INC., solely in its capacity as receiver and manager of SPYGLASS RESOURCES CORP., and not in its personal or corporate capacity, and **JOURNEY ENERGY PARTNERSHIP**

Wells and Facilities

Wells

WELL UWI	WELL NAME	STATUS	TYPE
100151601925W400	JOURNEY HERRON 15-16-19-25	FLOWING	GAS
100022101925W400	JOURNEY HERRON 2-21-19-25	FLOWING	GAS
100072101925W400	JOURNEY HERRON 7-21-19-25	SUSPENDED	GAS
100072101925W402	JOURNEY HERRON 7-21-19-25	SUSPENDED	GAS
100162101925W400	JOURNEY HZ HERRON 16-21-19-25	FLOWING	OIL
100052201925W400	JOURNEY HERRON 5-22-19-25	ABANDONED	OIL
100052201925W402	JOURNEY HERRON 5-22-19-25	REENTRY	OIL
100082201925W400	JOURNEY HZ HERRON 8-22-19-25	PUMPING	OIL

Excluded Wells

100072201925W400	ATCOR ET AL HERRON 7-22-19-25	ABANDONED	ABANDONED

Facilities

SA3856
Gas Handling Agreement dated January 1, 2014
File: Herronton GH 321.0
Well: 8-22-19-25 W4M

SA3857
Well Effluent Processing and Water Disposal Agreement dated January 1, 2014
File: Herronton A 323.7
Well: 8-22-19-25 W4M

UA4031
Herronton Turner Valley Unit No. 1
Spyglass – 14.275% unit interest

THE FOLLOWING COMPRISES SCHEDULE "C" ATTACHED TO AND FORMING PART OF A PURCHASE AND SALE AGREEMENT DATED THE **22nd** DAY OF **January,** 2016 BETWEEN ERNST & YOUNG INC., solely in its capacity as receiver and manager of SPYGLASS RESOURCES CORP., and not in its personal or corporate capacity, and **JOURNEY ENERGY PARTNERSHIP**

THIS GENERAL CONVEYANCE made as of this _____ day of _______________, ______.

BETWEEN:

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

- and -

JOURNEY ENERGY PARTNERSHIP, by its managing partner Journey Energy Inc., a general partnership under the laws 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 dated November 26, 2015, Ernst & Young Inc. was appointed receiver and manager of Spyglass Resources Corp.;

AND WHEREAS Vendor wishes to sell, and Purchaser wishes to purchase, the Assets subject to and in accordance with the terms and conditions contained herein;

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

1. Definitions

In this General Conveyance, including the recitals hereto, the definitions set forth in the Purchase Agreement are adopted herein by reference and, in addition:

"**Purchase Agreement**" means that Purchase and Sale Agreement between Vendor and Purchaser dated January 22, 2016.

2. Conveyance

Pursuant to and for the consideration provided for in the Purchase Agreement, Vendor hereby sells, assigns, transfers, conveys and sets over to Purchaser the entire right, title, estate and interest of Vendor in and to the Assets, to have and to hold the same absolutely, together with all benefit and advantage to be derived therefrom.

3. Subordinate Document

This General Conveyance is executed and delivered by the Parties pursuant to the Purchase Agreement and the provisions of the Purchase Agreement shall prevail in the event of a conflict between the provisions of the Purchase Agreement and the provisions of this General Conveyance.

4. No Merger

The covenants, representations, warranties and indemnities contained in the Purchase Agreement are incorporated herein as fully and effectively as if they were set out herein and there shall be no merger of any covenant, representation, warranty or indemnity contained in the Purchase Agreement by virtue of the execution and delivery hereof, any rule of law, equity or statute to the contrary notwithstanding.

5. Governing Law

This General Conveyance shall be subject to and interpreted, construed and enforced in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and shall, 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.

6. Enurement

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

7. Further Assurances

Each Party will, from time to time and at all times hereafter, at the request of the other Party but without further consideration, do all such further acts and execute and deliver all such further documents as shall be reasonably required in order to fully perform and carry out the terms hereof.

8. Counterpart Execution

This Agreement may be executed in counterpart and by facsimile or other electronic means and all such executed counterparts together shall constitute one and the same agreement.

IN WITNESS WHEREOF the Parties have executed this General Conveyance on the date first above written.

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

Per: ______________________________
Name:
Title:

JOURNEY ENERGY PARTNERSHIP by its managing partner Journey Energy Inc.

Per: ______________________________
Name: Anthony Polini
Title: Vice President, Land

THE FOLLOWING COMPRISES SCHEDULE "D" ATTACHED TO AND FORMING PART OF A PURCHASE AND SALE AGREEMENT DATED THE **22nd** DAY OF **January**, 2016 2016 BETWEEN ERNST & YOUNG INC., solely in its capacity as receiver and manager of SPYGLASS RESOURCES CORP., and not in its personal or corporate capacity, and **JOURNEY ENERGY PARTNERSHIP**

[VENDOR'S][PURCHASER'S] OFFICER'S CERTIFICATE

TO: [Name of Vendor/Purchaser] [(solely in its capacity as receiver and manager, the "Vendor")] [(the "Purchaser")]

RE: Purchase and Sale Agreement dated [•] between Vendor and Purchaser (the "Agreement")

Unless otherwise defined herein, the definitions provided for in the Agreement are adopted in this certificate (the "Certificate").

I, [Name], [Position] of [Name of Vendor/Purchaser] [(solely in its capacity as receiver and manager (the "Vendor"))] [(the "Purchaser")] hereby certify that as of the date of this Certificate:

1. The undersigned is personally familiar, in [his][her] capacity as an officer of [Vendor][Purchaser], with the matters hereinafter mentioned.

2. Each of the covenants, representations and warranties of the [Vendor][Purchaser] contained in ARTICLE 4 of the Agreement were true and correct in all material respects when made and are true and correct in all material respects as of the Closing Date.

3. All obligations of [Vendor][Purchaser] contained in the Agreement to be performed prior to or at Closing have been timely performed in all material respects.

4. This Certificate is made for and on behalf of the [Vendor][Purchaser] and is binding upon it, and I am not incurring, and will not incur, any personal liability whatsoever with respect to it.

5. This Certificate is made with full knowledge that the [Vendor][Purchaser] is relying on the same for the Closing of the transactions contemplated by the Agreement.

IN WITNESS WHEREOF I have executed this Certificate this ____ day of ____________, 2016.

[Name of Vendor/Purchaser]

Per:______________________
Name:
Title:

THE FOLLOWING COMPRISES SCHEDULE "E" ATTACHED TO AND FORMING PART OF A PURCHASE AND SALE AGREEMENT DATED THE **22nd** DAY OF **January**, 2016 BETWEEN ERNST & YOUNG INC., solely in its capacity as receiver and manager of SPYGLASS RESOURCES CORP., and not in its personal or corporate capacity, and **JOURNEY ENERGY PARTNERSHIP**

COURT ORDER

The following 15 pages comprise Schedule "E".

THE FOLLOWING COMPRISES SCHEDULE "F" ATTACHED TO AND FORMING PART OF A PURCHASE AND SALE AGREEMENT DATED THE **22nd** DAY OF **January**, 2016 BETWEEN ERNST & YOUNG INC., solely in its capacity as receiver and manager of SPYGLASS RESOURCES CORP., and not in its personal or corporate capacity, and **JOURNEY ENERGY PARTNERSHIP**

GST ELECTION

The following 1 page comprise Schedule "F".

Election Concerning the Acquisition of a Business or Part of a Business

Use this form if you are a recipient acquiring a business and you want to jointly elect with the supplier so that GST/HST does not apply to the supply of the business.

You may also be eligible if you are acquiring part of a business. For more information, see the back of this form.

Notes
Do not use this form if you are a recipient that is a selected listed financial institution (SLFI) for *Quebec Sales Tax* (QST) purposes. Instead use Form RC7244, *Elections Concerning the Acquisition of a Business or Part of a Business by a Recipient that is a Selected Listed Financial Institution for QST Purposes*. For more information, including the definition of an SLFI for GST/HST and QST purposes, go to **www.cra.gc.ca/slfi**.

If the supplier is a GST/HST registrant and the recipient is not a registrant, this election cannot be made.

Part A – Identification (recipient)

Name	Business number RT	
Trading name (if different from name)	Type of business	
Contact Person	Telephone number	Extension

Part B – Identification (supplier)

Name	Business number RT	
Trading name (if different from name)	Type of business	
Contact Person	Telephone number	Extension

Part C – Election

See page 2 of this form for the eligibility requirements and exclusions that apply to this election.

Enter the date the property was acquired by the recipient: Year Month Day

Description of property acquired (if you need more space, attach a separate sheet of paper):

☐ We, the **supplier** and **recipient** of a business or part of a business, jointly elect under subsection 167(1) of the *Excise Tax Act* to have the supply of the business or part of the business not subject to **GST/HST**.

Enter the recipient's GST/HST reporting period in which the acquisition occurred: From Year Month Day to Year Month Day

Part D – Certification (recipient)

I, ______________________ (print name), certify that the information given on this form and in any attached documents with respect to the person identified in Part A is, to the best of my knowledge, true, correct, and complete in every respect, and that I am the recipient or that I am authorized to sign on behalf of the recipient.

Signature of recipient or authorized person	Title	Year Month Day

Part E – Certification (supplier)

I, ______________________ (print name), certify that the information given on this form and in any attached documents with respect to the person identified in Part B is, to the best of my knowledge, true, correct, and complete in every respect, and that I am the supplier or that I am authorized to sign on behalf of the supplier.

Signature of supplier or authorized person	Title	Year Month Day

Personal information is collected under the *Excise Tax Act* to administer tax, rebates, and elections. It may also be used for any purpose related to the administration or enforcement of the Act such as audit, compliance and the payment of debts owed to the Crown. It may be shared or verified with other federal, provincial/territorial government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties or other actions. Under the *Privacy Act*, individuals have the right to access their personal information and request correction if there are errors or omissions. Refer to Info Source http://www.cra-arc.gc.ca/gncy/tp/nfsrc/nfsrc-eng.html, personal information bank CRA PPU 047.

General information

Who should complete this form?

Complete this form with the supplier if you are the recipient of a business or part of a business and you want to make an election so that GST/HST is not payable on the supply, with some exceptions.

Note
Do not complete this form if you are a selected listed financial institution for QST purposes. Instead use Form RC7244, *Elections Concerning the Acquisition of a Business or Part of a Business by a Recipient that is a Selected Listed Financial Institution for QST Purposes.*

Eligibility

The supplier and the recipient can jointly make this election if they meet **all** of the following conditions:

- The supplier makes a supply of a business or part of it that was established or carried on by the supplier, or that was established or carried on by another person and acquired by the supplier.
- Under the agreement for the supply, the recipient acquires ownership, possession, or use of all, or substantially all, of the property necessary for the recipient to be capable of carrying on the business or part as a business.
- One of the following situations applies:
  - the supplier and the recipient are both registrants;
  - the supplier and the recipient are both non-registrants; or
  - the supplier is a non-registrant and the recipient is a registrant.

Exclusions

This election does **not** apply to the following supplies:

- a taxable supply of a service to be rendered by the supplier;
- a taxable supply of property by way of lease, licence or similar arrangement; and
- a taxable sale of real property, if the recipient is not a GST/HST registrant.

What information should you provide in Part C as the description of the property acquired?

List the land, building, equipment, inventory, and any other property as defined on this page that has been acquired from the supplier. This list of property is likely described in the agreement between supplier and recipient.

What is the effect of the election?

When all of the eligibility requirements are met and the election is made, GST/HST is not payable on the supply of a business or part of a business, so that the supplier does not have to collect and the recipient does not have to pay the GST/HST on the supply, with some exceptions.

Definitions

All or substantially all – generally means 90% or more.

Business – includes a profession, calling, trade, manufacture or undertaking of any kind whatever, whether the activity or undertaking is engaged in for profit, and any activity engaged in on a regular or continuous basis that involves the supply of property by way of lease, licence or similar arrangement, but does not include an office or employment.

Part of a business – generally, part of a business includes:

- an activity that may be a functionally and physically discrete operating unit; or
- an activity that supports or is related to the broader business but is organized as a separate activity, which is capable of operating on its own.

The supply of part of a business is **not** the sale of individual assets of the business. For more information, see GST/HST Memorandum 14.4, *Sale of a Business or Part of a Business.*

Property – means any property, whether real or personal, movable or immovable, tangible or intangible, corporeal or incorporeal, and includes a right or interest of any kind, a share and a chose in action, but does not include money.

Recipient – of a supply of property or a service means:

(a) where consideration for the supply is payable under an agreement for the supply, the person who is liable under the agreement to pay that amount;

(b) where paragraph (a) does not apply and consideration is payable for the supply, the person who is liable to pay that amount; and

(c) where no amount is payable for the supply:

(i) in the case of a supply of property by way of sale, the person to whom the property is delivered or made available;

(ii) in the case of a supply of property otherwise than by way of sale, the person to whom possession or use of the property is given or made available; and

(iii) in the case of a supply of a service, the person to whom the service is rendered;

and any reference to a person to whom a supply is made shall be read as a reference to the recipient of the supply.

Registrant – means a person that is registered or has to be registered for the GST/HST.

Supplier – (vendor) means the person making the supply.

Supply – means the provision of property or a service in any way, including sale, transfer, barter, exchange, licence, rental, lease, gift, and disposition.

Where do you send this form?

A recipient who is a GST/HST registrant must send this form with their GST/HST return for the reporting period in which the acquisition was made to the address specified on the return. If you file your GST/HST return electronically, send this form to your tax centre.

When the supplier and recipient are both non-registrants, you do not need to send us this form. Instead, the recipient must keep this form or a copy on file in case we ask to see it.

What if you need help?

For more information, see GST/HST Memorandum 14.4, *Sale of a Business or Part of a Business,* go to **www.cra.gc.ca/gsthst** or call **1-800-959-5525**.

To get our forms and publications, go to **www.cra.gc.ca/gsthstpub** or call **1-800-959-5525**.

Appendix B

PURCHASE AND SALE AGREEMENT

THIS AGREEMENT made as of the 25th day of January, 2016.

BETWEEN:

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

- and -

NEW NORTH RESOURCES LTD., a corporation incorporated under the laws 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 (the "**Appointment Order**"), Ernst & Young Inc. ("**Receiver**") was appointed receiver and manager 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) **"Applicable Law"** means, in relation to any Person, property or circumstance, all laws, statutes, rules, regulations, official directives and orders of Governmental Authorities (whether administrative, legislative, executive or otherwise), including judgments, orders and decrees of courts, commissions or bodies exercising similar functions, as amended, and includes the provisions and conditions of any permit, license or other governmental or regulatory authorization, that are in effect as at the relevant time and are applicable to such person, property or circumstance;

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

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

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

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

(h) **"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;

(i) **"Closing Date"** means the later of February 29, 2016, and three Business Days after the grant of any applicable Court Order approving this transaction and the expiry of all Preferential Purchase Rights or as agreed upon in writing by the Parties;

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

(k) **"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;

(l) **"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;

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

(n) **"Deposit"** has the meaning as defined in section 2.9;

(o) **"Effective Date"** means November 1, 2015;

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

(q) "**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;

(r) "**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 without limitation, 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, without limitation, liabilities to compensate Third Parties for damages and Losses resulting from the items described in items (i), (ii) and (iii) above (including, without limitation, damage to property, personal injury and death) and obligations to take action to prevent or rectify damage to or otherwise protect the Environment;

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

(i) any item or thing owned by Third Parties and licensed to Vendor with restrictions on deliverability or disclosure by Vendor that prevent conveyance 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 in contemplation of litigation and any other documents within the possession of Vendor 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' proprietary seismic data;

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

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

(t) "**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, injection, water disposal, measurement, processing, storage or other operations respecting the Leased Substances, including any applicable battery, separator, compressor station, gathering system, pipeline, production storage facility or warehouse, including, without limitation, those field facilities specifically identified in Schedule "B";

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

(v) "**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, including any government-owned entity, having jurisdiction over a Party, the Assets or the Transaction;

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

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

(y) "**Lands**" means 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);

(z) "**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);

(aa) "**Licence Transfers**" means, in relation to the Assets, the transfer of any permits, approvals, licences and authorizations granted by any applicable Governmental Authority;

(bb) "**Losses**" means all losses, costs, Claims, damages, expenses, liabilities and obligations which a Party suffers, sustains, pays or incurs, including reasonable legal fees on a solicitor and his own client 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;

(cc) "**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, assets, 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, Assets, interests and rights pertain to the Petroleum and Natural Gas Rights and the Tangibles, or either of them, including without limitation 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, licenses 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;

(iv) all records, books, documents, licences, reports and data which relate to the Petroleum and Natural Gas Rights and the Tangibles; and

(v) the Wells, including the wellbores and any and all casing,

but specifically excluding the Excluded Assets;

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

(ee) "**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, without limitation, 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 or other public 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, without in any way limiting the generality of the foregoing, rights of way and servitudes for highways, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone or cable television conduits, poles, wires or cables;

(vi) taxes on Petroleum Substances or the income or revenue therefrom, unless specifically excluded and governmental restrictions on production rates from the Wells or on operations being conducted on the Lands or otherwise affecting the value of any of the Assets;

(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 cost);

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

(ix) the right reserved to or vested in any municipality, Governmental Authority or other public authority to control or regulate any of the Assets in any manner, including any directives or notices received from any municipality, Governmental Authority or other public 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 granted in the ordinary course of business to a public utility, municipality or Governmental Authority with respect to operations pertaining to any of the Assets;

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

(gg) "**Petroleum and Natural Gas Rights**" means Vendor's entire 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, without limitation, the interests set out and described in Schedule "A";

(hh) "**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 without limitation, sulphur;

(ii) "**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";

(jj) "**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;

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

(ll) "**Sales Taxes**" means all transfer, sales, excise, stamp, license, production, value-added and other like taxes, assessments, charges, duties, fees, levies or other governmental charges of any kind, and includes, but is not limited to, additions by way of penalties, interest and other amounts with respect thereto, but excludes GST;

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

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

(oo) **"Tangibles"** means Vendor's entire interest in and to the Facilities and any and all tangible depreciable property and assets, if any, which are located within, upon or in the vicinity of the Lands and which 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;

(pp) **"Third Party"** means any individual or entity other than Receiver, Spyglass, Vendor and Purchaser, including without limitation 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;

(qq) **"this Agreement"**, **"herein"**, **"hereto"**, **"hereof"** and similar expressions mean and refer to this Agreement;

(rr) **"Title Documents"** means, collectively, any and all certificates of title, leases, reservations, permits, licences, 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 such definition shall include, where applicable, those documents set out in Schedule "A";

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

(tt) **"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, without limitation, the wells listed in Schedule "B".

1.2 Headings

The expressions "Article", "section", "subsection", "clause", "subclause", "paragraph" and "Schedule" followed by a number or letter or combination thereof mean and refer to the specified article, section, subsection, clause, subclause, paragraph and schedule of or to this Agreement.

1.3 Interpretation Not Affected by Headings

The division of this Agreement into Articles, sections, subsections, clauses, subclauses and paragraphs 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 Included Words

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. In addition, the word "include" and derivatives thereof shall be read as if followed by the phrase "without limitation".

1.5 Schedules

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

Schedule "A"	-	Lands Petroleum and Natural Gas Rights
Schedule "B"	-	Wells Facilities
Schedule "C"	-	Preferential Purchase Rights
Schedule "D"	-	General Conveyance
Schedule "E"	-	Form of Officer's Certificate
Schedule "F"	-	Form of Court Order

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 include, without limitation, reasonable legal fees and disbursements on a solicitor and client and full indemnity basis.

1.7 Derivatives

Where a term is defined herein, a capitalized derivative of such term shall have a corresponding meaning unless the context otherwise requires.

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, hereby agrees to sell, assign, transfer, convey and set over to Purchaser, and Purchaser hereby agrees to purchase from Vendor, all of the 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 of this Agreement.

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/or 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 the Purchaser to the Vendor, to be paid out pursuant to Section 2.9;

(b) payment in the amount [redacted] adjusted pursuant to Section 7.2(a), payable by the Purchaser to the 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).

2.3 Allocation of Purchase Price

The Parties shall allocate the Purchase Price as follows:

[redacted] [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 and subject to all other provisions of this Agreement, possession, risk 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 certified 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 two (2) Business Days 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/or 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. At a reasonable time prior to Closing, Vendor shall use reasonable efforts to prepare and provide for Purchaser's review all Specific Conveyances at Vendor's own cost and expense. The Parties shall execute such Specific Conveyances at Closing. None of the Specific Conveyances shall confer or impose upon either Party any greater right or obligation than as contemplated in this Agreement. Promptly after Closing, Purchaser shall register and/or distribute (as applicable) all such Specific Conveyances and 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 such original copies of the Title Documents and any other agreements and documents to which the Assets are subject and such original copies of contracts, agreements, records, books, documents, licenses, reports and data comprising Miscellaneous Interests which are now in the possession of Vendor or of which Vendor gains possession of prior to Closing.

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 ten percent (10%) of the Purchase Price, will be placed by Purchaser to the Vendor upon execution of this agreement, and released only in accordance with the provisions of this section 2.9 (the **"Deposit"**).

The Deposit shall be held in trust by the Vendor until one of the following events occurs:

(a) if Closing occurs, the Deposit shall be paid to Vendor at Closing for its 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 (a) and (d), the Deposit shall be returned to Purchaser 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), the Deposit shall be forfeited to Vendor for the account of Vendor absolutely.

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 11.12) and the use of personal information section (11.15).

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) <u>GST</u>

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 RT0001

Purchaser **13860 4996 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 Generally

The Parties acknowledge that the Purchase Price is exclusive of all Sales Taxes. Purchaser shall be solely responsible for 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 or other entity within the required time period and shall file all necessary documentation with respect to such Sales Taxes when due. 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.

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 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, 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. All costs, fees, expenses, penalties or levies that are incurred by Vendor in order to effect the assignment of such interests shall be the sole responsibility of Purchaser, and Purchaser agrees to pay on behalf of the Vendor any such 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; and

(b) there shall not have been instituted any legal proceedings to obtain, and no court or Governmental Authority of competent jurisdiction shall have issued, promulgated, enforced or entered any judgment, decree, injunction or other order, whether temporary, preliminary or permanent, that restrains, enjoins or otherwise prohibits consummation of the 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 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 as of the Closing Date;

(b) Purchaser shall have obtained board approval of the transaction contemplated hereby on or before January 25, 2016;

(c) Purchaser be satisfied, acting reasonably, with the results of the due diligence conducted by it pursuant hereto on or before January 25, 2016; and

(d) 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 and 11.12.

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 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; and

(c) all amounts to be paid by Purchaser to Vendor at Closing, including, without limitation, the Purchase Price, shall have been paid to the 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 and 11.13.

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 and Receiver

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

(a) Receiver has been appointed by the Court as receiver and manager of Spyglass and such appointment is valid and subsisting; and

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

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) except for obtaining the Court Order, 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 license applicable to Purchaser;

(e) provided the Court Order is obtained, 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 requirement therefor 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 arms' length from Spyglass (as such term is interpreted by the Alberta Energy Regulator);

(j) Purchaser is in compliance with all the requirements of all Governmental Authorities, including the Alberta Energy Regulator and the Department of Energy;

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

(l) 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 any of its 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, without limitation, 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.

5.2 Survival of Representations and Warranties

The representations and warranties in section 4.2 shall be true as of the date hereof and on the Closing Date, and such representations and warranties shall continue in full force and effect and shall survive the Closing Date for a period of six (6) months, 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 such period, written notice specifying such breach in reasonable detail has been 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 fact, matter or thing arising or occurring after the Closing Date, and any and all Claims, arising or accruing therefrom, in any way connected with, resulting from, attributable to or connected with the Assets.

6.2 Environmental Matters and Abandonment and Reclamation Obligations

Purchaser acknowledges that, insofar as the Environmental condition of the Assets is concerned, it will acquire 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, 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 it 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 (including, without limitation, whether occurring or accruing 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 (including, without limitation, whether occurring or accruing prior to, on or after the Closing Date) in respect of the Lands, Wells and Facilities. This assumption of liability and indemnity shall apply without limit and without regard to cause or causes, including the negligence, whether sole, concurrent, gross, active, passive, primary or secondary, or the wilful or wanton misconduct or recklessness of Vendor and/or its Representatives, or 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 Vendor and/or 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 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 do either or both of the following:

(i) assume carriage of the defence of the Third Party Claim using legal counsel of its choice and at its sole cost; 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 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 co-operate with the Indemnitor to permit the Indemnitor to pursue such subrogated Claims as reasonably requested by 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, without limitation, maintenance, development, capital and operating costs) and all revenues relating to the Assets (including, without limitation, 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 facilities interests included in the Assets which have not been applied to the payment of costs prior to the Date of Appointment and stand to the credit of Spyglass or Vendor will be transferred to Purchaser and an adjustment will be made in favour of Vendor equal to the amount of the advance transferred;

(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 liability which relates to the period which arose prior to the Effective Date and which will not constitute a liability to 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 a statement 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 the 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. An adjustment payable by a Party after Closing pursuant to this section 7.2 which is not paid within fifteen (15) Business Days of a written request for payment from the other Party, shall bear interest at the Prime Rate plus one percent (1%) per annum payable by the paying Party to the other Party from the end of such fifteen (15) Business Day period until the adjustment is paid.

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 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 $50,000.00, 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 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, and such termination shall not constitute a failure of Vendor's representations and warranties pertaining to such Assets, notwithstanding section 5.2.

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) To the extent applicable, within two (2) Business Days following Closing, Vendor shall prepare and, where applicable, electronically submit, an application to the applicable

Governmental Authorities for Licence Transfers and Purchaser or its nominee shall, where applicable, electronically ratify and sign such application.

(b) If a Governmental Authority denies a Licence Transfer because of misdescription or other minor deficiencies in the application, Vendor shall, within two (2) Business Days of such denial, or such other time as may be reasonable in the circumstances, correct the application and amend and re-submit the application for the Licence Transfer and Purchaser or its nominee shall, where applicable, electronically ratify and sign such application.

(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 License 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 instructions (including any election deemed 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 may not be able to transfer operatorship of some or all of such Assets to Purchaser at or after Closing. Vendor covenants with Purchaser that Vendor shall reasonably cooperate with Purchaser to obtain appropriate consents and approvals for the assignment and transfer to Purchaser of operatorship of those of the Assets of which Vendor is currently the operator.

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.

(a) Vendor shall, within two (2) Business Days of receipt of the Court Order, serve all notices as are required in conjunction with any 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 the Vendor, and such value shall be set forth in the notices.

(c) 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.

(d) 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, licenses, 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, but not limited to, 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
GENERAL

11.1 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.

11.2 No Merger

The covenants, representations, warranties and indemnities contained in this Agreement shall be deemed to be restated in any and all assignments, conveyances, transfers and other documents conveying the interests of Vendor in and to the Assets to Purchaser, subject to any and all time and other limitations contained in this Agreement. There shall not be any merger of any covenant, representation, warranty or indemnity in such assignments, conveyances, transfers and other documents notwithstanding any rule of law, equity or statute to the contrary and such rules are hereby waived.

11.3 Receiver

Purchaser acknowledges that Receiver is acting solely in its capacity as the Court-appointed receiver and manager 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, in its or their personal or corporate capacity, whether such liability be in contract, tort or otherwise.

11.4 Entire Agreement

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, the provisions of this Agreement shall prevail. In the event that Closing occurs, this Agreement supersedes all other agreements (other than the Confidentiality Agreement dated November 6, 2015 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 subject matter hereof.

11.5 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.

11.6 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. 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.

11.7 Time of Essence

Time shall be of the essence in this Agreement.

11.8 Notices

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

Vendor - **Ernst & Young Inc.**
1000, 440 - 2nd Avenue SW
Calgary, AB
T2P 5E9

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

Purchaser - **New North Resources Ltd.**
320, 700 – 4th Avenue, SW
Calgary, AB
T2P 3J4

Attention: President
Fax: 403-303-2503

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.

11.9 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.

11.10 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.

11.11 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.

11.12 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 regulatory 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.

11.13 Sealing Order

Vendor may, at its discretion, apply to the Court for a sealing order with respect to Vendor's Report (the "Confidential Report") containing the financial and other confidential details of the Transaction, 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.

11.14 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.

11.15 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 11.15 shall survive the Closing Date indefinitely.

11.16 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 and manager of **SPYGLASS RESOURCES CORP.**, and not in its personal or corporate capacity

Per: ____________________
Name:
Title:

Per: ____________________
Name:
Title:

NEW NORTH RESOURCES LTD.

Per: ____________________
Name: PRADEEP NATHWANI
Title: President

Per: ____________________
Name:
Title:

11.16 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 and manager of **SPYGLASS RESOURCES CORP.**, and not in its personal or corporate capacity	**NEW NORTH RESOURCES LTD.**
Per: ______________________	Per: ______________________
Name: Neil Narfason	Name:
Title: Senior Vice President	Title:
Per: ______________________	Per: ______________________
Name:	Name:
Title:	Title:

CM

THE FOLLOWING COMPRISES SCHEDULE "A" ATTACHED TO AND FORMING PART OF A PURCHASE AND SALE AGREEMENT DATED THE **25th** DAY OF **January**, 2016 BETWEEN ERNST & YOUNG INC., solely in its capacity as receiver and manager of SPYGLASS RESOURCES CORP., and not in its personal or corporate capacity, and **New North Resources Ltd.**

Lands and Petroleum and Natural Gas Rights

The following **53** pages comprise Schedule "A".

SPYGLASS RESOURCES CORP.

Mineral Property Report

DEER MOUNTAIN

Generated by CINDY MILLER on January 12, 2016 at 1:45:37 pm.

Selection

Select By Area:	DEER MOUNTAIN

EXPLORER Software Solutions Ltd.

CS*EXPLORER Version: 9.10.04

SPYGLASS RESOURCES CORP.

Mineral Property Report

Print Options

Acres / Hectares:	Acres		
Working Interest DOI:	Yes		
Other DOI:	Rental		
Related Contracts:	Yes	**Related Units:**	Yes
Royalty Information:	Yes	**Expand:**	Yes
Well Information:	Yes		
Remarks:	No		
Acreage:	Developed / Undeveloped		

Sort Options

Division:	Yes
Category:	No
Province:	No
Area:	No
Location:	Yes

EXPLORER Software Solutions Ltd.

CS*EXPLORER Version: 9.1004

** REPORTED IN ACRES**

SPYGLASS RESOURCES CORP.
Mineral Property Report

Division: NORTH

DEER MOUNTAIN

File Number / File Status / Mineral Int	Lse Type / Int Type / Lse No/Name / Operator / Payor	Lessor Type		Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code		Lease Description / Rights Held
M012228	PNG	CR	Eff: Nov 05, 1974	640.000	C007179 C No	WI		Area : DEER MOUNTAIN
Sub: A	WI		Exp: Nov 04, 1984	640.000	SPYGLASS RES	3.57340000		TWP 68 RGE 8 W5M SEC 16
ACTIVE	36896		Ext: 15	22.870	ASPENLEAF ENERG	96.20330000		PNG TO BASE BEAVERHILL_LAKE
	ASPENLEAF ENERG				1742411 AB	0.22330000		EXCL PNG IN SWAN_HILLS
100.00000000	ASPENLEAF ENERG	Count Acreage = No						

Total Rental: 0.00

Status		Acres	Net		Acres	Net
UNDEVELOPED	Dev:	0.000	0.000	Undev:	640.000	22.870

Related Contracts

C007179 C	JOA	Apr 01, 1997
C008818 A	P&S	Oct 15, 2002 (I)

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	% of

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: WI (C)	
ALBERTA DEPT.	100.00000000	SPYGLASS RES	3.57340000
		ASPENLEAF ENERG	96.20330000
		1742411 AB	0.22330000

M012228	PNG	CR	Eff: Nov 05, 1974	640.000	UA4071 Bypass	UNIT INT	UNIT TRACT	Area : DEER MOUNTAIN
Sub: B	WI		Exp: Nov 04, 1984	640.000	SPYGLASS RES	4.00000000	3.57340000	TWP 68 RGE 8 W5M SEC 16
ACTIVE	36896		Ext: UNITIZED	25.600	1742426 ALBERTA	0.50000000		PNG IN SWAN_HILLS
	ASPENLEAF ENERG				ASPENLEAF ENERG	80.12420000	96.20327000	
100.00000000	ASPENLEAF ENERG				1742411 AB	0.25000000		

Related Contracts

SPYGLASS RESOURCES CORP.
Mineral Property Report

DEER MOUNTAIN

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held		
(cont'd)								
M012228								
Sub: B			TAQA NORTH	15.12580000		C007179 D	JOA	Apr 01, 1997
			1742411 AB		0.22333000	C008818 A	P&S	Oct 15, 2002 (I)
						UA4071	UNIT	Nov 01, 1984
			Total Rental: 896.00			UA4071 25	UNIT	Nov 01, 1984

Status		Acres	Net		Acres	Net	------- Well U.W.I.	Status/Type -------
DEVELOPED	Dev:	640.000	25.600	Undev:	0.000	0.000	100/10-16-068-08-W5/00	INJECTION/WAT

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	% of

Roy Percent:
Deduction: STANDARD
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M)		Paid by: UNIT TRAC(C)	
ALBERTA DEPT.	100.00000000	SPYGLASS RES	3.57340000
		1742411 AB	0.22333000
		ASPENLEAF ENERG	96.20327000

Related Units

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Zone:		PNG IN SWAN_HILLS	

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Sub: 25	**Tract Number:** 25		**Tract Part%:** 4.06800000

DEER MOUNTAIN

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M012229	PNG CR	Eff: Apr 30, 1963	640.000	C007179 A No	WI	Area : DEER MOUNTAIN
Sub: A	WI	Exp: Apr 29, 1973	640.000	SPYGLASS RES	3.57340000	TWP 68 RGE 8 W5M SEC 17
ACTIVE	1023	Ext: 15	22.870	1742426 ALBERTA	4.47740000	PNG TO BASE BEAVERHILL_LAKE
	SPYGLASS RES			ASPENLEAF ENERG	91.72590000	EXCL PNG IN SWAN_HILLS
100.00000000	ASPENLEAF ENERG	Count Acreage = No		1742411 AB	0.22330000	

Total Rental: 0.00

Status		Acres	Net		Acres	Net
UNDEVELOPED	Dev:	0.000	0.000	Undev:	640.000	22.870

Related Contracts

C007179 A	JOA	Apr 01, 1997
C007183 A	ROYALTY	Jun 25, 1974
C008818 A	P&S	Oct 15, 2002 (I)

Royalty / Encumbrances

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007183 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of SALES

Roy Percent: 2.00000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: ROY TO (C)		Paid by: ROY BY (C)	
BRUNSWICK HYDRO	100.00000000	1742426 ALBERTA	4.47740000
		ASPENLEAF ENERG	91.72590000
		SPYGLASS RES	3.57340000
		1742411 AB	0.22330000

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:
Deduction: STANDARD

SPYGLASS RESOURCES CORP.
Mineral Property Report

Division: NORTH

DEER MOUNTAIN

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross Net	Oper.Cont. ROFR / DOI Partner(s) *	DOI Code *		Lease Description / Rights Held

(cont'd)

M012229 A

Gas: Royalty:		Min Pay:		Prod/Sales:
S/S OIL: Min:	Max:	Div:		Prod/Sales:
Other Percent:		Min:		Prod/Sales:

Paid to: LESSOR (M)		Paid by: WI (C)	
ALBERTA DEPT.	100.00000000	SPYGLASS RES	3.57340000
		1742426 ALBERTA	4.47740000
		ASPENLEAF ENERG	91.72590000
		1742411 AB	0.22330000

M012229	PNG CR	Eff: Apr 30, 1963	640.000	UA4071 Bypass	UNIT INT	UNIT TRACT	Area : DEER MOUNTAIN
Sub: B	WI	Exp: Apr 29, 1973	640.000	SPYGLASS RES	4.00000000	3.57340000	TWP 68 RGE 8 W5M SEC 17
ACTIVE	1023	Ext: UNITIZED	25.600	1742426 ALBERTA	0.50000000	4.47740000	PNG IN SWAN_HILLS
	PENGROWTH EN			ASPENLEAF ENERG	80.12420000	91.72587000	
100.00000000	ASPENLEAF ENERG			1742411 AB	0.25000000	0.22333000	
				TAQA NORTH	15.12580000		
				Total Rental: 896.00			

Related Contracts

C007179 B	JOA	Apr 01, 1997
C007183 A	ROYALTY	Jun 25, 1974
C008818 A	P&S	Oct 15, 2002 (I)
UA4071	UNIT	Nov 01, 1984
UA4071 24	UNIT	Nov 01, 1984

Status		Acres	Net		Acres	Net
DEVELOPED	Dev:	640.000	25.600	Undev:	0.000	0.000

Well U.W.I.	Status/Type
100/10-17-068-08-W5/00	INJECTION/WAT
100/02-17-068-08-W5/00	PUMPING/OIL

Royalty / Encumbrances

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007183 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of SALES

Roy Percent: 2.00000000
Deduction: UNKNOWN

SPYGLASS RESOURCES CORP.
Mineral Property Report

DEER MOUNTAIN

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	*	DOI Code *	Lease Description / Rights Held

(cont'd)
M012229 B

Gas: Royalty:		Min Pay:		Prod/Sales:	
S/S OIL: Min:	Max:	Div:		Prod/Sales:	
Other Percent:		Min:		Prod/Sales:	

Paid to: ROY TO (C)		Paid by: ROY BY (C)	
BRUNSWICK HYDRO	100.00000000	1742426 ALBERTA	4.47740000
		ASPENLEAF ENERG	91.72590000
		SPYGLASS RES	3.57340000
		1742411 AB	0.22330000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:
Deduction: STANDARD

Gas: Royalty:		Min Pay:		Prod/Sales:	
S/S OIL: Min:	Max:	Div:		Prod/Sales:	
Other Percent:		Min:		Prod/Sales:	

Paid to: LESSOR (M)		Paid by: UNIT TRAC(C)	
ALBERTA DEPT.	100.00000000	SPYGLASS RES	3.57340000
		1742411 AB	0.22333000
		ASPENLEAF ENERG	91.72587000
		1742426 ALBERTA	4.47740000

Related Units

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Zone:		PNG IN SWAN_HILLS	

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

M012229 B — Related Units

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Sub: 24	Tract Number: 24		Tract Part%: 11.16720000

M012225	PNG CR	Eff: Apr 30, 1963	480.000	C007256 D Yes	WI	Area : DEER MOUNTAIN
Sub: A	WI	Exp: Apr 29, 1973	480.000	SPYGLASS RES	13.00000000	TWP 68 RGE 8 W5M S19, NW19
ACTIVE	1024	Ext: 15	62.400	1742411 AB	0.81250000	PNG TO BASE BEAVERHILL_LAKE
	TAQA NORTH			TAQA NORTH	83.75000000	EXCL PNG IN SWAN_HILLS
100.00000000	SPYGLASS RES	Count Acreage = No		ASPENLEAF ENERG	2.43750000	

Total Rental: 0.00

Status		Acres	Net		Acres	Net
UNDEVELOPED	Dev:	0.000	0.000	Undev:	480.000	62.400

Related Contracts

C007256 D	FARMOUT	Mar 02, 1973
C007284 A	ROYALTY	Feb 02, 1979
C008818 A	P&S	Oct 15, 2002 (I)

Royalty / Encumbrances

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007284 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	40.00000000 % of SALES

Roy Percent: 2.73438000
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

DEER MOUNTAIN

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s) *	DOI Code *	Lease Description / Rights Held

(cont'd)

M012225 A **Paid to:** ROY TO (C)

Paid to		Paid by: ROY BY (C)	
MIAMI OIL	100.00000000	439 GP PARTNERS	12.50000000
		SPYGLASS RES	10.00000000
		ASPENLEAF ENERG	1.87500000
		TAQA NORTH LTD	75.00000000
		1201741 ALBERTA	0.62500000

GENERAL REMARKS - Jan 31, 2007

PAYOR ONLY REQUIRED TO DEAL WITH ONE ROYALTY OWNER IF MULTIPLE ASSIGNMENTS TIK - OIL, CRUDE NAPHTHA & OTHER PETROLEUM SUBSTANCES EXCEPT GAS; 45 DAYS WRITTEN NOTICE; 10 DAYS TANKAGE PROVIDED; DELIVER AT TANK OUTLETS FREE & CLEAR OF CHARGES.

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M)

Paid to		Paid by: WI (C)	
ALBERTA DEPT.	100.00000000	SPYGLASS RES	13.00000000
		1742411 AB	0.81250000
		TAQA NORTH	83.75000000
		ASPENLEAF ENERG	2.43750000

M012225 PNG CR **Eff:** Apr 30, 1963 480.000 UA4071 Bypass UNIT INT UNIT TRACT Area : DEER MOUNTAIN

SPYGLASS RESOURCES CORP.
Mineral Property Report

Division: NORTH

DEER MOUNTAIN

File Number / File Status / Mineral Int	Lse Type / Int Type / Lse No/Name / Operator / Payor	Lessor Type	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held
(cont'd)							
M012225							
Sub: B	WI	Exp: Apr 29, 1973	480.000	SPYGLASS RES	4.00000000	13.00000000	TWP 68 RGE 8 W5M S19,NW19
ACTIVE	1024	Ext: UNITIZED	19.200	1742426 ALBERTA	0.50000000		PNG IN SWAN_HILLS
	SPYGLASS RES			ASPENLEAF ENERG	80.12420000	2.43750000	
100.00000000	SPYGLASS RES			1742411 AB	0.25000000	0.81250000	
				TAQA NORTH	15.12580000		
				TAQA NORTH LTD		83.75000000	
				Total Rental: 672.00			

Related Contracts

Contract	Type	Date
C007256 C	FARMOUT	Mar 02, 1973
C007284 A	ROYALTY	Feb 02, 1979
C008818 A	P&S	Oct 15, 2002 (I)
UA4071	UNIT	Nov 01, 1984
UA4071 12	UNIT	Nov 01, 1984

Status		Acres	Net		Acres	Net
DEVELOPED	Dev:	480.000	19.200	Undev:	0.000	0.000

Well U.W.I.	Status/Type
100/12-19-068-08-W5/00	ABANDONED/OIL

Royalty / Encumbrances

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007284 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	40.00000000 % of SALES

Roy Percent: 2.73438000
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: ROY TO (C)		Paid by: ROY BY (C)	
MIAMI OIL	100.00000000	439 GP PARTNERS	12.50000000
		SPYGLASS RES	10.00000000
		ASPENLEAF ENERG	1.87500000
		TAQA NORTH LTD	75.00000000
		1201741 ALBERTA	0.62500000

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code		
File Status	Int Type / Lse No/Name	Gross				
Mineral Int	Operator / Payor	Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M012225 B **GENERAL REMARKS - Jan 31, 2007**
PAYOR ONLY REQUIRED TO DEAL WITH ONE ROYALTY OWNER IF MULTIPLE ASSIGNMENTS
TIK - OIL, CRUDE NAPHTHA & OTHER PETROLEUM SUBSTANCES EXCEPT GAS; 45 DAYS WRITTEN NOTICE; 10 DAYS TANKAGE PROVIDED; DELIVER AT TANK OUTLETS FREE & CLEAR OF CHARGES.

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M)		Paid by: UNIT TRAC(C)	
ALBERTA DEPT.	100.00000000	SPYGLASS RES	13.00000000
		TAQA NORTH LTD	83.75000000
		1742411 AB	0.81250000
		ASPENLEAF ENERG	2.43750000

Related Units

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Zone:		PNG IN SWAN_HILLS	

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Sub: 12	**Tract Number:** 12		**Tract Part%:** 4.49280000

SPYGLASS RESOURCES CORP.
Mineral Property Report

Division: NORTH

DEER MOUNTAIN

File Number / File Status / Mineral Int	Lse Type / Int Type / Lse No/Name / Operator / Payor	Lessor Type		Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M012226	PNG	CR	Eff: Apr 30, 1963	160.000	C007256 A Yes	BPO	Area : DEER MOUNTAIN
Sub: A	WRI		Exp: Apr 29, 1973	160.000	SPYGLASS RES	16.00000000	TWP 68 RGE 8 W5M NE19
ACTIVE	1024A		Ext: 15	25.600	1742411 AB	1.00000000	PNG TO BASE BEAVERHILL_LAKE
	TAQA NORTH				TAQA NORTH	80.00000000	EXCL PNG IN SWAN_HILLS
100.00000000	SPYGLASS RES		Count Acreage = No		ASPENLEAF ENERG	3.00000000	

Total Rental: 0.00

Status		Acres	Net		Acres	Net
UNDEVELOPED	Dev:	0.000	0.000	Undev:	160.000	25.600

Related Contracts

C007256 A	FARMOUT	Mar 02, 1973
C007284 A	ROYALTY	Feb 02, 1979
C008818 A	P&S	Oct 15, 2002 (I)

Royalty / Encumbrances

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007256 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	Y	100.00000000 % of SALES

Roy Percent: 10.00000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: ROY TO	(C)	Paid by: BPO	(C)
SPYGLASS RES	10.00000000	SPYGLASS RES	16.00000000
TAQA NORTH	87.50000000	1742411 AB	1.00000000
1742411 AB	0.62500000	TAQA NORTH	80.00000000
ASPENLEAF ENERG	1.87500000	ASPENLEAF ENERG	3.00000000

ROYALTY DEDUCTIONS - Apr 05, 2007
NO PROVISION FOR DEDUCTIONS
GENERAL REMARKS - Apr 05, 2007
ROYALTY OWNER SHALL OWN AND AT ITS OWN EXPENSE TAKE IN KIND OR SEPARATELY

File Number	Lse Type Lessor Type	Exposure Oper.Cont. ROFR	DOI Code	
File Status	Int Type / Lse No/Name	Gross		
Mineral Int	Operator / Payor	Net Doi Partner(s)	* *	Lease Description / Rights Held

(cont'd)

M012226 A DISPOSE OF ITS ROYALTY SHARE (SEE 801(2))

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007284 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	40.00000000 % of SALES

Roy Percent: 2.73438000
Deduction: STANDARD

Gas: Royalty:		Min Pay:	Prod/Sales:
S/S OIL: Min:	Max:	Div:	Prod/Sales:
Other Percent:		Min:	Prod/Sales:

Paid to: ROY TO (C)		Paid by: ROY BY (C)	
MIAMI OIL	100.00000000	439 GP PARTNERS	12.50000000
		SPYGLASS RES	10.00000000
		ASPENLEAF ENERG	1.87500000
		TAQA NORTH LTD	75.00000000
		1201741 ALBERTA	0.62500000

GENERAL REMARKS - Jan 31, 2007
PAYOR ONLY REQUIRED TO DEAL WITH ONE ROYALTY OWNER IF MULTIPLE ASSIGNMENTS TIK - OIL, CRUDE NAPHTHA & OTHER PETROLEUM SUBSTANCES EXCEPT GAS; 45 DAYS WRITTEN NOTICE; 10 DAYS TANKAGE PROVIDED; DELIVER AT TANK OUTLETS FREE & CLEAR OF CHARGES.

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:
Deduction: STANDARD

Gas: Royalty:		Min Pay:	Prod/Sales:
S/S OIL: Min:	Max:	Div:	Prod/Sales:
Other Percent:		Min:	Prod/Sales:

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code		Lease Description / Rights Held
(cont'd)							
M012226	A Paid to: LESSOR (M)			Paid by: BPO	(C)		
	ALBERTA DEPT.		100.00000000	SPYGLASS RES	16.00000000		
				1742411 AB	1.00000000		
				TAQA NORTH	80.00000000		
				ASPENLEAF ENERG	3.00000000		

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code		Lease Description / Rights Held
M012226	PNG CR	Eff: Apr 30, 1963	160.000	UA4071 Bypass	UNIT INT	UNIT TRACT	Area : DEER MOUNTAIN
Sub: B	WI	Exp: Apr 29, 1973	160.000	SPYGLASS RES	4.00000000	16.00000000	TWP 68 RGE 8 W5M NE19
ACTIVE	1024A	Ext: UNITIZED	6.400	1742426 ALBERTA	0.50000000		PNG IN SWAN_HILLS
	SPYGLASS RES			ASPENLEAF ENERG	80.12420000	3.00000000	
100.00000000	SPYGLASS RES			1742411 AB	0.25000000	1.00000000	
				TAQA NORTH	15.12580000		
				TAQA NORTH LTD		80.00000000	
				Total Rental: 224.00			

Related Contracts

C007256 B	FARMOUT	Mar 02, 1973
C007284 A	ROYALTY	Feb 02, 1979
C008818 A	P&S	Oct 15, 2002 (I)
UA4071	UNIT	Nov 01, 1984
UA4071 13	UNIT	Nov 01, 1984

Status		Acres	Net		Acres	Net
DEVELOPED	Dev:	160.000	6.400	Undev:	0.000	0.000

Well U.W.I.	Status/Type
100/10-19-068-08-W5/00	ABANDONED/OIL

Royalty / Encumbrances

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007284 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	80.00000000 % of SALES

Roy Percent: 2.73438000
Deduction: STANDARD
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**

(cont'd)

Other Percent: **Min:** **Prod/Sales:**

Paid to: ROY TO (C)		Paid by: ROY BY (C)	
MIAMI OIL	100.00000000	439 GP PARTNERS	12.50000000
		SPYGLASS RES	10.00000000
		ASPENLEAF ENERG	1.87500000
		TAQA NORTH LTD	75.00000000
		1201741 ALBERTA	0.62500000

GENERAL REMARKS - Jan 31, 2007
PAYOR ONLY REQUIRED TO DEAL WITH ONE ROYALTY OWNER IF MULTIPLE ASSIGNMENTS
TIK - OIL, CRUDE NAPHTHA & OTHER PETROLEUM SUBSTANCES EXCEPT GAS; 45 DAYS
WRITTEN NOTICE; 10 DAYS TANKAGE PROVIDED; DELIVER AT TANK OUTLETS FREE &
CLEAR OF CHARGES.

M012226 B

Royalty / Encumbrances

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007256 B GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD

Roy Percent: 10.00000000
Deduction: NO
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: PAIDTO (R)		Paid by: PRE-UNIT (C)	
SPYGLASS RES	10.00000000	SPYGLASS RES	16.00000000
TAQA NORTH	87.50000000	1742411 AB	1.00000000
ASPENLEAF ENERG	1.87500000	TAQA NORTH	80.00000000
1201741 ALBERTA	0.62500000	ASPENLEAF ENERG	3.00000000

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held

(cont'd)

M012226 B

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M)
ALBERTA DEPT. 100.00000000

Paid by: UNIT TRAC(C)
SPYGLASS RES 16.00000000
TAQA NORTH LTD 80.00000000
1742411 AB 1.00000000
ASPENLEAF ENERG 3.00000000

Related Units

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Zone:		PNG IN SWAN_HILLS	

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Sub: 13	**Tract Number:** 13		**Tract Part%:** 3.54830000

M012230 PNG CR **Eff:** May 11, 1961 0.000 C007179 C No WI Area : DEER MOUNTAIN

SPYGLASS RESOURCES CORP.
Mineral Property Report

Division: NORTH

DEER MOUNTAIN

File Number / File Status / Mineral Int	Lse Type / Int Type / Lse No/Name / Operator / Payor	Lessor Type	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
(cont'd)						
M012230						
Sub: A	WI	Exp: May 10, 1982	0.000	SPYGLASS RES	3.57340000	TWP 68 RGE 8 W5M S & NW 20
ACTIVE	123768	Ext: 15	0.000	ASPENLEAF ENERG	96.20330000	TWP 68 RGE 8 W5M SEC 29
	PENGROWTH EN			1742411 AB	0.22330000	TWP 68 RGE 8 W5M SE 32
100.00000000	TAQA NORTH LTD					PNG TO BASE BEAVERHILL_LAKE
				Total Rental: 0.00		EXCL PNG IN SWAN_HILLS

Status		Acres	Net		Acres	Net
UNDEVELOPED	Dev:	0.000	0.000	Undev:	0.000	0.000

Related Contracts

C007179 C	JOA	Apr 01, 1997
C007180 A	ROYALTY	Mar 20, 1972
C008818 A	P&S	Oct 15, 2002 (I)

Royalty / Encumbrances

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007180 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:
Deduction: UNKNOWN
Gas: Royalty: 15.00000000 Min Pay: Prod/Sales:
S/S OIL: Min: 5.00000000 Max: 15.00000000 Div: 1/150 Prod/Sales: SALES
Other Percent: 15 Min: Prod/Sales:

Paid to: ROY TO (C)		Paid by: ROY BY (C)	
TAQA NORTH	100.00000000	ASPENLEAF ENERG	96.20330000
		SPYGLASS RES	3.57340000
		1742411 AB	0.22330000

GENERAL REMARKS - Jan 25, 2007

1972 AGREEMENT - "PETROLEUM SUBSTANCES PRODUCED, SAVED OR MARKETED"
DEDUCTIONS: CALCULATION FOR PROCESSED PRODUCT IS BASED ON 15% OF CONSIDERATION RECEIVED BY PAYOR FOR SUCH PRODUCT.
TIK - 30 DAYS NOTICE TO TAKE OR REVOKE. PAYOR SHALL REMOVE BASIC SEDIMENT,

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held

(cont'd)

M012230 A

PROVIDE TANK CAPACITY FOR NOT MORE THAN 10 DAYS AND DELIVER AT TANK OUTLETS IN ACCORD WITH CUSTOMARY PIPELINE & SHIPPING PRACTICES FREE & CLEAR. CL 30 PROVIDED THAT ONLY IF ROYALTY HOLDER EXERCISED ITS CONVERSION RIGHTS, THEN THE OPERATING AGREEMENT (SCHEDULE A) WOULD BECOME EFFECTIVE BETWEEN THE CONVERTING ROYALTY OWNER & WI OWNERS; CLAUSE 38 OF SCHEDULE A (OPERATING AGREEMENT) PROVIDED FOR ROFR WITH 15 DAY NOTICE BUT EXCEPTIONS FOR ROFR OBLIGATION (SEE CL 38 FOR SPECIFICS). ROYALTY OWNER HOLDS NON CONV GOR & WI OWNERS ENTERED INTO NEW JOA (SEE C00019) IN 1997 WHICH SUPERCEDES.

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent: 100.00000000
Deduction: STANDARD
Gas: Royalty: | **Min Pay:** | **Prod/Sales:**
S/S OIL: Min: | **Max:** | **Div:** | **Prod/Sales:**
Other Percent: | **Min:** | **Prod/Sales:**

Paid to: LESSOR (M)		Paid by: WI (C)	
ALBERTA DEPT.	100.00000000	SPYGLASS RES	3.57340000
		ASPENLEAF ENERG	96.20330000
		1742411 AB	0.22330000

M012230	PNG	CR	Eff: May 11, 1961	1,280.000	UA4071 Bypass	UNIT INT	UNIT TRACT	Area : DEER MOUNTAIN
Sub: B	WI		Exp: May 10, 1982	1,280.000	SPYGLASS RES	4.00000000	3.57340000	TWP 68 RGE 8 W5M S & NW 20
ACTIVE	123768		Ext: 15	51.200	1742426 ALBERTA	0.50000000		TWP 68 RGE 8 W5M SEC 29
	PENGROWTH EN				ASPENLEAF ENERG	80.12420000	96.20327000	TWP 68 RGE 8 W5M SE 32
100.00000000	TAQA NORTH LTD				1742411 AB	0.25000000		PNG IN SWAN_HILLS
					TAQA NORTH	15.12580000		(DEER MOUNTAIN UNIT NO. 2)

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

M012230
Sub: B 1742411 AB 0.22333000 (TRACTS 2, 5-8, 14, 15, 17)

Total Rental: 1792.00

Status		Acres	Net		Acres	Net
DEVELOPED	Dev:	1,280.000	51.200	Undev:	0.000	0.000

Royalty / Encumbrances

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007180 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:
Deduction: UNKNOWN
Gas: Royalty: 15.00000000 **Min Pay:** **Prod/Sales:**
S/S OIL: Min: 5.00000000 **Max:** 15.00000000 **Div:** 1/150 **Prod/Sales:** SALES
Other Percent: 15 **Min:** **Prod/Sales:**

Paid to: ROY TO (C)		Paid by: ROY BY (C)	
TAQA NORTH	100.00000000	ASPENLEAF ENERG	96.20330000
		SPYGLASS RES	3.57340000
		1742411 AB	0.22330000

GENERAL REMARKS - Jan 25, 2007
1972 AGREEMENT - "PETROLEUM SUBSTANCES PRODUCED, SAVED OR MARKETED"
DEDUCTIONS: CALCULATION FOR PROCESSED PRODUCT IS BASED ON 15% OF CONSIDERATION RECEIVED BY PAYOR FOR SUCH PRODUCT.
TIK - 30 DAYS NOTICE TO TAKE OR REVOKE. PAYOR SHALL REMOVE BASIC SEDIMENT, PROVIDE TANK CAPACITY FOR NOT MORE THAN 10 DAYS AND DELIVER AT TANK OUTLETS IN ACCORD WITH CUSTOMARY PIPELINE & SHIPPING PRACTICES FREE & CLEAR.

Related Contracts

C007179 D	JOA	Apr 01, 1997
C007180 A	ROYALTY	Mar 20, 1972
C008818 A	P&S	Oct 15, 2002 (I)
UA4071	UNIT	Nov 01, 1984
UA4071 02	UNIT	Nov 01, 1984
UA4071 05	UNIT	Nov 01, 1984
UA4071 06	UNIT	Nov 01, 1984
UA4071 07	UNIT	Nov 01, 1984
UA4071 08	UNIT	Nov 01, 1984
UA4071 14	UNIT	Nov 01, 1984
UA4071 15	UNIT	Nov 01, 1984
UA4071 16	UNIT	Nov 01, 1984
UA4071 17	UNIT	Nov 01, 1984

Well U.W.I.	Status/Type
100/12-20-068-08-W5/00	PUMPING/OIL
100/10-29-068-08-W5/00	PUMPING/OIL
100/12-29-068-08-W5/00	PUMPING/OIL
100/02-29-068-08-W5/00	INJECTION/WAT
100/02-32-068-08-W5/00	PUMPING/OIL
100/04-29-068-08-W5/00	ABANDONED/UNK
100/14-29-068-08-W5/00	FLOWING/OIL
100/01-32-068-08-W5/00	PUMPING/OIL
100/11-29-068-08-W5/00	LOCATION/LOCA
100/13-20-068-08-W5/00	WATER SRC/WAT
100/07-32-068-08-W5/00	PUMPING/OIL
102/08-32-068-08-W5/00	PUMPING/OIL

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code		
File Status	Int Type / Lse No/Name	Gross				
Mineral Int	Operator / Payor	Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M012230 B

CL 30 PROVIDED THAT ONLY IF ROYALTY HOLDER EXERCISED ITS CONVERSION RIGHTS, THEN THE OPERATING AGREEMENT (SCHEDULE A) WOULD BECOME EFFECTIVE BETWEEN THE CONVERTING ROYALTY OWNER & WI OWNERS; CLAUSE 38 OF SCHEDULE A (OPERATING AGREEMENT) PROVIDED FOR ROFR WITH 15 DAY NOTICE BUT EXCEPTIONS FOR ROFR OBLIGATION (SEE CL 38 FOR SPECIFICS). ROYALTY OWNER HOLDS NON CONV GOR & WI OWNERS ENTERED INTO NEW JOA (SEE C00019) IN 1997 WHICH SUPERCEDES.

100/08-32-068-08-W5/00 POTENTIAL/UNK
100/07-30-068-08-W5/00 FLOWING/OIL
102/13-20-068-08-W5/00 OIL/PUMPING

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent: 100.00000000
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: UNIT TRAC(C)	
ALBERTA DEPT.	100.00000000	SPYGLASS RES	3.57340000
		1742411 AB	0.22333000
		ASPENLEAF ENERG	96.20327000

Related Units

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Zone:		PNG IN SWAN_HILLS	

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Sub: 02	Tract Number: 02		Tract Part%: 6.61080000

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Sub: 05	Tract Number: 05		Tract Part%: 5.82580000

DEER MOUNTAIN

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code	
File Status	Int Type / Lse No/Name	Gross			
Mineral Int	Operator / Payor	Net	Doi Partner(s)	* *	Lease Description / Rights Held

(cont'd)

M012230 B

Related Units

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Sub: 06	Tract Number: 06		Tract Part%: 4.58730000
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Sub: 07	Tract Number: 07		Tract Part%: 5.81980000
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Sub: 08	Tract Number: 08		Tract Part%: 4.56070000
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Sub: 14	Tract Number: 14		Tract Part%: 1.27790000
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Sub: 15	Tract Number: 15		Tract Part%: 0.24530000
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Sub: 16	Tract Number: 16		Tract Part%: 4.23760000
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Sub: 17	Tract Number: 17		Tract Part%: 1.31380000

SPYGLASS RESOURCES CORP.
Mineral Property Report

Division: NORTH

DEER MOUNTAIN

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M012231	PNG CR	Eff: Mar 31, 1969	480.000	C007179 C No	WI	Area : DEER MOUNTAIN
Sub: A	WI	Exp: Mar 30, 1990	480.000	SPYGLASS RES	3.57340000	TWP 68 RGE 8 W5M S21,NW21
ACTIVE	123768A	Ext: 15	17.152	ASPENLEAF ENERG	96.20330000	PNG TO BASE BEAVERHILL_LAKE
	ASPENLEAF ENERG			1742411 AB	0.22330000	EXCL PNG IN SWAN_HILLS
100.00000000	ASPENLEAF ENERG	Count Acreage = No				

Total Rental: 0.00

Status		Acres	Net		Acres	Net
UNDEVELOPED	Dev:	0.000	0.000	Undev:	480.000	17.152

Related Contracts

C007178 A	POOLFO	Nov 15, 1980
C007179 C	JOA	Apr 01, 1997
C008818 A	P&S	Oct 15, 2002 (I)

Royalty / Encumbrances

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007178 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:					
Deduction:	STANDARD				
Gas: Royalty:	15.00000000		Min Pay:		Prod/Sales:
S/S OIL: Min:	5.00000000	Max: 15.00000000	Div:	1/23.85	Prod/Sales:
Other Percent:			Min:	0.10/MCF	Prod/Sales:

Paid to: ROY TO (C)		Paid by: ROY BY (C)	
HOYDA, DONALD J	16.91250000	SPYGLASS RES	3.57340000
FREEHOLD PART	16.91250000	ASPENLEAF ENERG	96.20330000
TAQA NORTH	66.17500000	1742411 AB	0.22330000

ROYALTY DEDUCTIONS - Jun 07, 2007
PROP SHARE ACTUAL COSTS OF TRANSPORTATION TO MARKET CONNECTION WHERE SALES ARE NOT MADE F.O.B. THE TANKS SERVING THE SAID LEASES.

GENERAL REMARKS - Jun 07, 2007
APPLICABLE GOR BEFORE PAYOUT (WHEN PAYOR HAS RECOVERED WELL COSTS, OPERATING & ROYALTY FROM GROSS REVENUES); OIL INCLUDES CRUDE OIL, NATURAL

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code		Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Gross				
Mineral Int	Operator / Payor	Net	Doi Partner(s)	*	*	

(cont'd)

M012231 A GASOLINE AND CONDENSATE.

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007178 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: 15.00000000 **Min Pay:** **Prod/Sales:**
S/S OIL: Min: 5.00000000 **Max:** 15.00000000 **Div:** 1/15.9 **Prod/Sales:**
Other Percent: **Min:** 0.14/MCF **Prod/Sales:**

Paid to: ROY TO (C)		Paid by: ROY BY (C)	
HOYDA, DONALD J	16.91250000	SPYGLASS RES	3.57340000
FREEHOLD PART	16.91250000	ASPENLEAF ENERG	96.20330000
TAQA NORTH	66.17500000	1742411 AB	0.22330000

ROYALTY DEDUCTIONS - Jun 07, 2007
PROP SHARE ACTUAL COSTS OF TRANS TO MARKET CONNECTION WHERE SALES ARE NOT MADE F.O.B. THE TANKS SERVING THE SAID LEASES.
GENERAL REMARKS - Jun 07, 2007
GOR APPLICABLE AFTER PAYOUT RECOVERY OF WELL COSTS (INCL OPERATING & ROYALTY) FROM GROSS REVENUES

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent: 100.00000000
Deduction: STANDARD
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M) **Paid by:** WI (C)

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s) *	DOI Code *		Lease Description / Rights Held
(cont'd)							
M012231	A ALBERTA DEPT.		100.00000000	SPYGLASS RES	3.57340000		
				ASPENLEAF ENERG	96.20330000		
				1742411 AB	0.22330000		

M012231	PNG CR	Eff: Mar 31, 1969	480.000	UA4071 Bypass	UNIT INT	UNIT TRACT	Area : DEER MOUNTAIN
Sub: B	WI	Exp: Mar 30, 1990	480.000	SPYGLASS RES	4.00000000	3.57340000	TWP 68 RGE 8 W5M S21,NW21
ACTIVE	123768A	Ext: UNITIZED	19.200	1742426 ALBERTA	0.50000000		PNG IN SWAN_HILLS
	ASPENLEAF ENERG			ASPENLEAF ENERG	80.12420000	96.20327000	
100.00000000	ASPENLEAF ENERG			1742411 AB	0.25000000		
				TAQA NORTH	15.12580000		
				1742411 AB		0.22333000	
				Total Rental: 672.00			

Status		Acres	Net		Acres	Net
DEVELOPED	Dev:	480.000	19.200	Undev:	0.000	0.000

Related Contracts

C007178 A	POOLFO	Nov 15, 1980
C007179 D	JOA	Apr 01, 1997
C008818 A	P&S	Oct 15, 2002 (I)
UA4071	UNIT	Nov 01, 1984
UA4071 18	UNIT	Nov 01, 1984
UA4071 19	UNIT	Nov 01, 1984
UA4071 21	UNIT	Nov 01, 1984

Well U.W.I.	Status/Type
100/02-21-068-08-W5/00	ABANDONED/OIL
100/04-21-068-08-W5/00	INJECTION/WAT
100/12-21-068-08-W5/00	INJECTION/WAT
100/14-21-068-08-W5/00	PUMPING/OIL
100/01-28-068-08-W5/00	PUMPING/OIL
100/01-16-068-08-W5/00	PUMPING/OIL

Royalty / Encumbrances

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007178 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:						
Deduction:	STANDARD					
Gas: Royalty:	15.00000000			Min Pay:		Prod/Sales:
S/S OIL: Min:	5.00000000	Max:	15.00000000	Div:	1/15.9	Prod/Sales:
Other Percent:				Min:	0.14/MCF	Prod/Sales:

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code	
File Status	Int Type / Lse No/Name	Gross			
Mineral Int	Operator / Payor	Net	Doi Partner(s) *	*	Lease Description / Rights Held

(cont'd)

M012231 B

Paid to: ROY TO (C)		Paid by: ROY BY (C)	
HOYDA, DONALD J	16.91250000	SPYGLASS RES	3.57340000
FREEHOLD PART	16.91250000	ASPENLEAF ENERG	96.20330000
TAQA NORTH	66.17500000	1742411 AB	0.22330000

ROYALTY DEDUCTIONS - Jun 07, 2007
PROP SHARE ACTUAL COSTS OF TRANS TO MARKET CONNECTION WHERE SALES ARE NOT MADE F.O.B. THE TANKS SERVING THE SAID LEASES.
GENERAL REMARKS - Jun 07, 2007
GOR APPLICABLE AFTER PAYOUT RECOVERY OF WELL COSTS (INCL OPERATING & ROYALTY) FROM GROSS REVENUES

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007178 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:						
Deduction:	STANDARD					
Gas: Royalty:	15.00000000			**Min Pay:**		**Prod/Sales:**
S/S OIL: Min:	5.00000000	**Max:**	15.00000000	**Div:**	1/23.85	**Prod/Sales:**
Other Percent:				**Min:**	0.10/MCF	**Prod/Sales:**

Paid to: ROY TO (C)		Paid by: ROY BY (C)	
HOYDA, DONALD J	16.91250000	SPYGLASS RES	3.57340000
FREEHOLD PART	16.91250000	ASPENLEAF ENERG	96.20330000
TAQA NORTH	66.17500000	1742411 AB	0.22330000

ROYALTY DEDUCTIONS - Jun 07, 2007
PROP SHARE ACTUAL COSTS OF TRANSPORTATION TO MARKET CONNECTION WHERE SALES ARE NOT MADE F.O.B. THE TANKS SERVING THE SAID LEASES.
GENERAL REMARKS - Jun 07, 2007
APPLICABLE GOR BEFORE PAYOUT (WHEN PAYOR HAS RECOVERED WELL COSTS, OPERATING & ROYALTY FROM GROSS REVENUES); OIL INCLUDES CRUDE OIL, NATURAL

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Gross			
Mineral Int	Operator / Payor	Net	Doi Partner(s) *	*	

(cont'd)

M012231 B GASOLINE AND CONDENSATE.

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent: 100.00000000
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: PAIDBY (R)	
ALBERTA DEPT.	100.00000000	ASPENLEAF ENERG	91.06650000
		SPYGLASS RES	3.57340000
		INDIAN BAY OIL	0.22330000
		RAD RESOURCES	0.44670000
		SIGNALTA RESOUR	4.46680000
		STORM BAY	0.22330000

Related Units

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Zone:		PNG IN SWAN_HILLS	

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Sub: 18	Tract Number: 18		Tract Part%: 6.31290000

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Sub: 19	Tract Number: 19		Tract Part%: 4.97860000

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

M012231 B — **Related Units**

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Sub: 21	Tract Number: 21		Tract Part%: 2.37020000

M012232	PNG CR	Eff: May 11, 1961	160.000	C007179 C No	WI	Area : DEER MOUNTAIN
Sub: A	WI	Exp: May 10, 1982	160.000	SPYGLASS RES	3.57340000	TWP 68 RGE 8 W5M NE21
ACTIVE	123768B	Ext: 15	5.717	ASPENLEAF ENERG	96.20330000	
	ASPENLEAF ENERG			1742411 AB	0.22330000	PNG TO BASE BEAVERHILL_LAKE
100.00000000	FREEHOLD PART	Count Acreage = No				EXCL PNG IN SWAN_HILLS
				Total Rental: 0.00		

Status		Acres	Net		Acres	Net
UNDEVELOPED	Dev:	0.000	0.000	Undev:	160.000	5.717

Related Contracts

C007178 A	POOLFO	Nov 15, 1980
C007179 C	JOA	Apr 01, 1997
C008818 A	P&S	Oct 15, 2002 (I)

Royalty / Encumbrances

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007178 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: 15.00000000 Min Pay: Prod/Sales:
S/S OIL: Min: 5.00000000 Max: 15.00000000 Div: 1/23.85 Prod/Sales:
Other Percent: Min: 0.10/MCF Prod/Sales:

Paid to: ROY TO (C) Paid by: ROY BY (C)

File Number File Status Mineral Int	Lse Type Lessor Type Int Type / Lse No/Name Operator / Payor	Exposure Gross Net	Oper.Cont. ROFR Doi Partner(s)	DOI Code *	Lease Description / Rights Held
(cont'd)					
M012232	A HOYDA, DONALD J	16.91250000	SPYGLASS RES	3.57340000	
	FREEHOLD PART	16.91250000	ASPENLEAF ENERG	96.20330000	
	TAQA NORTH	66.17500000	1742411 AB	0.22330000	

ROYALTY DEDUCTIONS - Jun 07, 2007
PROP SHARE ACTUAL COSTS OF TRANSPORTATION TO MARKET CONNECTION WHERE SALES ARE NOT MADE F.O.B. THE TANKS SERVING THE SAID LEASES.

GENERAL REMARKS - Jun 07, 2007
APPLICABLE GOR BEFORE PAYOUT (WHEN PAYOR HAS RECOVERED WELL COSTS, OPERATING & ROYALTY FROM GROSS REVENUES); OIL INCLUDES CRUDE OIL, NATURAL GASOLINE AND CONDENSATE.

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007178 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:						
Deduction:	STANDARD					
Gas: Royalty:	15.00000000		**Min Pay:**		**Prod/Sales:**	
S/S OIL: Min:	5.00000000	**Max:**	15.00000000 **Div:**	1/15.9	**Prod/Sales:**	
Other Percent:			**Min:**	0.14/MCF	**Prod/Sales:**	

Paid to: ROY TO (C)		**Paid by:** ROY BY (C)	
HOYDA, DONALD J	16.91250000	SPYGLASS RES	3.57340000
FREEHOLD PART	16.91250000	ASPENLEAF ENERG	96.20330000
TAQA NORTH	66.17500000	1742411 AB	0.22330000

ROYALTY DEDUCTIONS - Jun 07, 2007
PROP SHARE ACTUAL COSTS OF TRANS TO MARKET CONNECTION WHERE SALES ARE NOT MADE F.O.B. THE TANKS SERVING THE SAID LEASES.

GENERAL REMARKS - Jun 07, 2007
GOR APPLICABLE AFTER PAYOUT RECOVERY OF WELL COSTS (INCL OPERATING & ROYALTY) FROM GROSS REVENUES

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Gross			
Mineral Int	Operator / Payor	Net	Doi Partner(s) *	*	

(cont'd)

M012232 A

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	% of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
ALBERTA DEPT. 100.00000000

Paid by: WI (C)
SPYGLASS RES 3.57340000
ASPENLEAF ENERG 96.20330000
1742411 AB 0.22330000

M012232	PNG CR	Eff: May 11, 1961	160.000	UA4071 Bypass	UNIT INT	UNIT TRACT	Area : DEER MOUNTAIN
Sub: B	WI	Exp: May 10, 1982	160.000	SPYGLASS RES	4.00000000	3.57340000	TWP 68 RGE 8 W5M NE21
ACTIVE	123768B	Ext: UNITIZED	6.400	1742426 ALBERTA	0.50000000		
	ASPENLEAF ENERG			ASPENLEAF ENERG	80.12420000	96.20327000	PNG IN SWAN_HILLS
100.00000000	FREEHOLD PART			1742411 AB	0.25000000		
				TAQA NORTH	15.12580000		
				1742411 AB		0.22333000	

Total Rental: 224.00

Related Contracts

C007178 A	POOLFO	Nov 15, 1980
C007179 D	JOA	Apr 01, 1997
C008818 A	P&S	Oct 15, 2002 (I)
UA4071	UNIT	Nov 01, 1984
UA4071 20	UNIT	Nov 01, 1984

Status		Acres	Net		Acres	Net
DEVELOPED	Dev:	160.000	6.400	Undev:	0.000	0.000

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code		Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Gross				
Mineral Int	Operator / Payor	Net	Doi Partner(s)	*	*	

(cont'd)

M012232
Sub: B

—— Well U.W.I. Status/Type ——
102/10-21-068-08-W5/00 INJECTION/WAT

Royalty / Encumbrances

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007178 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD

Gas: Royalty:	15.00000000			**Min Pay:**		**Prod/Sales:**
S/S OIL: Min:	5.00000000	**Max:**	15.00000000	**Div:**	1/23.85	**Prod/Sales:**
Other Percent:				**Min:**	0.10/MCF	**Prod/Sales:**

Paid to: ROY TO (C)		Paid by: ROY BY (C)	
HOYDA, DONALD J	16.91250000	SPYGLASS RES	3.57340000
FREEHOLD PART	16.91250000	ASPENLEAF ENERG	96.20330000
TAQA NORTH	66.17500000	1742411 AB	0.22330000

ROYALTY DEDUCTIONS - Jun 07, 2007
PROP SHARE ACTUAL COSTS OF TRANSPORTATION TO MARKET CONNECTION WHERE SALES ARE NOT MADE F.O.B. THE TANKS SERVING THE SAID LEASES.

GENERAL REMARKS - Jun 07, 2007
APPLICABLE GOR BEFORE PAYOUT (WHEN PAYOR HAS RECOVERED WELL COSTS, OPERATING & ROYALTY FROM GROSS REVENUES); OIL INCLUDES CRUDE OIL, NATURAL GASOLINE AND CONDENSATE.

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007178 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: 15.00000000 **Min Pay:** **Prod/Sales:**
S/S OIL: Min:

DEER MOUNTAIN

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code		Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Gross				
Mineral Int	Operator / Payor	Net	Doi Partner(s)	*	*	

(cont'd)

5.00000000 **Max:** 15.00000000 **Div:** 1/15.9 **Prod/Sales:**
Other Percent: **Min:** 0.14/MCF **Prod/Sales:**

Paid to: ROY TO (C)		Paid by: ROY BY (C)	
HOYDA, DONALD J	16.91250000	SPYGLASS RES	3.57340000
FREEHOLD PART	16.91250000	ASPENLEAF ENERG	96.20330000
TAQA NORTH	66.17500000	1742411 AB	0.22330000

ROYALTY DEDUCTIONS - Jun 07, 2007
PROP SHARE ACTUAL COSTS OF TRANS TO MARKET CONNECTION WHERE SALES ARE NOT MADE F.O.B. THE TANKS SERVING THE SAID LEASES.
GENERAL REMARKS - Jun 07, 2007
GOR APPLICABLE AFTER PAYOUT RECOVERY OF WELL COSTS (INCL OPERATING & ROYALTY) FROM GROSS REVENUES

M012232 B

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	% of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M)		Paid by: UNIT TRAC(C)	
ALBERTA DEPT.	100.00000000	SPYGLASS RES	3.57340000
		1742411 AB	0.22333000
		ASPENLEAF ENERG	96.20327000

Related Units

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG

DEER MOUNTAIN

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure / Gross / Net	Oper.Cont. ROFR / DOI Partner(s)	DOI Code	Lease Description / Rights Held
(cont'd) M012232	B					

Related Units

Zone: PNG IN SWAN_HILLS

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Sub: 20	Tract Number: 20		Tract Part%: 4.90750000

M012233	PNG CR	Eff: May 11, 1961	0.000	C007179 C No	WI	Area : DEER MOUNTAIN
Sub: A	WI	Exp: May 10, 1982	0.000	SPYGLASS RES	3.57340000	TWP 68 RGE 8 W5M W 22
ACTIVE	123768C	Ext: 15	0.000	ASPENLEAF ENERG	96.20330000	
	ASPENLEAF ENERG			1742411 AB	0.22330000	PNG TO BASE BEAVERHILL_LAKE
100.00000000	PRAIRIE BIRCH R					EXCL PNG IN SWAN_HILLS
				Total Rental: 0.00		

Status		Acres	Net		Acres	Net
UNDEVELOPED	Dev:	0.000	0.000	Undev:	0.000	0.000

Related Contracts

C007179 C	JOA	Apr 01, 1997
C007184 A	F/O&OPT	Dec 10, 1982
C008818 A	P&S	Oct 15, 2002 (I)

Royalty / Encumbrances

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007184 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:					
Deduction:	STANDARD				
Gas: Royalty:	15.00000000		Min Pay:	4.97/1000 M3	Prod/Sales: SALES
S/S OIL: Min:	5.00000000	Max:	15.00000000 Div:	1/15.9	Prod/Sales: SALES
Other Percent:			Min:		Prod/Sales:

File Number File Status Mineral Int	Lse Type Lessor Type Int Type / Lse No/Name Operator / Payor	Exposure Gross Net	Oper.Cont. ROFR Doi Partner(s) *	DOI Code *	Lease Description / Rights Held

(cont'd)

M012233 A

Paid to: ROY TO (C)		Paid by: WI	(C)
PRAIRIE BIRCH R	50.00000000	ASPENLEAF ENERG	96.20330000
ENERCAN	23.50000000	SPYGLASS RES	3.57340000
LINTUS	13.50000000	1742411 AB	0.22330000
REDEAGLE	8.00000000		
SUNBIRD INVEST	5.00000000		

GENERAL REMARKS - Nov 28, 2006
AFTER PAYOUT. DEDUCTIONS: PROP SHARE ACTUAL COST TRANSPORTATION. AFTER WELL PAYOUT - DEDUCTIONS: GATHERING & PROCESSING SIMILAR TO CRN ALLOWABLE.

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	% of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M)		Paid by: WI	(C)
ALBERTA DEPT.	100.00000000	SPYGLASS RES	3.57340000
		ASPENLEAF ENERG	96.20330000
		1742411 AB	0.22330000

M012233	PNG CR	Eff: May 11, 1961	320.000	UA4071 Bypass	UNIT INT	UNIT TRACT	Area : DEER MOUNTAIN
Sub: B	WI	Exp: May 10, 1982	320.000	SPYGLASS RES	4.00000000	3.57340000	TWP 68 RGE 8 W5M W 22
ACTIVE	123768C	Ext: 15	12.800	1742426 ALBERTA	0.50000000		
	ASPENLEAF ENERG			ASPENLEAF ENERG	80.12420000	96.20327000	PNG IN SWAN_HILLS

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	*	DOI Code *	Lease Description / Rights Held

(cont'd)

M012233
Sub: B
100.00000000 PRAIRIE BIRCH R

1742411 AB	0.25000000		(DEER MOUNTAIN UNIT NO. 2)
TAQA NORTH	15.12580000		(TRACTS 22, 23)
1742411 AB		0.22333000	

Total Rental: 448.00

Status		Acres	Net		Acres	Net
DEVELOPED	Dev:	320.000	12.800	Undev:	0.000	0.000

Related Contracts

C007179 D	JOA	Apr 01, 1997
C007184 A	F/O&OPT	Dec 10, 1982
C008818 A	P&S	Oct 15, 2002 (I)
UA4071	UNIT	Nov 01, 1984
UA4071 22	UNIT	Nov 01, 1984
UA4071 23	UNIT	Nov 01, 1984

Well U.W.I.	Status/Type
100/04-22-068-08-W5/00	INJECTION/WAT

Royalty / Encumbrances

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007184 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: 15.00000000 **Min Pay:** 4.97/1000 M3 **Prod/Sales:** SALES
S/S OIL: Min: 5.00000000 **Max:** 15.00000000 **Div:** 1/15.9 **Prod/Sales:** SALES
Other Percent: **Min:** **Prod/Sales:**

Paid to: ROY TO (C)		Paid by: WI (C)	
PRAIRIE BIRCH R	50.00000000	ASPENLEAF ENERG	96.20330000
ENERCAN	23.50000000	SPYGLASS RES	3.57340000
LINTUS	13.50000000	1742411 AB	0.22330000
REDEAGLE	8.00000000		
SUNBIRD INVEST	5.00000000		

GENERAL REMARKS - Nov 28, 2006
AFTER PAYOUT. DEDUCTIONS: PROP SHARE ACTUAL COST TRANSPORTATION. AFTER

File Number	Lse Type Lessor Type	Exposure Oper.Cont. ROFR	DOI Code	
File Status	Int Type / Lse No/Name	Gross		
Mineral Int	Operator / Payor	Net Doi Partner(s) *	*	Lease Description / Rights Held

(cont'd)

M012233 B WELL PAYOUT - DEDUCTIONS: GATHERING & PROCESSING SIMILAR TO CRN ALLOWABLE.

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	% of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: UNIT TRAC(C)	
ALBERTA DEPT.	100.00000000	SPYGLASS RES	3.57340000
		1742411 AB	0.22333000
		ASPENLEAF ENERG	96.20327000

Related Units

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Zone:		PNG IN SWAN_HILLS	

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Sub: 22	Tract Number: 22		Tract Part%: 0.51600000

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Sub: 23	Tract Number: 23		Tract Part%: 1.77970000

SPYGLASS RESOURCES CORP.
Mineral Property Report

Division: NORTH

DEER MOUNTAIN

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M012234	PNG CR	Eff: May 11, 1961	640.000	C007179 C No	WI	Area : DEER MOUNTAIN
Sub: A	WI	Exp: May 10, 1982	640.000	SPYGLASS RES	3.57340000	TWP 68 RGE 8 W5M SEC 28
ACTIVE	123768D	Ext: 15	22.870	ASPENLEAF ENERG	96.20330000	
	ASPENLEAF ENERG			1742411 AB	0.22330000	PNG TO BASE BEAVERHILL_LAKE
100.00000000	FREEHOLD PART	Count Acreage = No				EXCL PNG IN SWAN_HILLS
				Total Rental: 0.00		

Status		Acres	Net		Acres	Net
UNDEVELOPED	Dev:	0.000	0.000	Undev:	640.000	22.870

Related Contracts

C007178 A	POOLFO	Nov 15, 1980
C007179 C	JOA	Apr 01, 1997
C008818 A	P&S	Oct 15, 2002 (I)

Royalty / Encumbrances

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007178 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:						
Deduction:	STANDARD					
Gas: Royalty:	15.00000000		Min Pay:			Prod/Sales:
S/S OIL: Min:	5.00000000	Max:	15.00000000	Div:	1/23.85	Prod/Sales:
Other Percent:				Min:	0.10/MCF	Prod/Sales:

Paid to: ROY TO (C)		Paid by: ROY BY (C)	
HOYDA, DONALD J	16.91250000	SPYGLASS RES	3.57340000
FREEHOLD PART	16.91250000	ASPENLEAF ENERG	96.20330000
TAQA NORTH	66.17500000	1742411 AB	0.22330000

ROYALTY DEDUCTIONS - Jun 07, 2007
PROP SHARE ACTUAL COSTS OF TRANSPORTATION TO MARKET CONNECTION WHERE SALES ARE NOT MADE F.O.B. THE TANKS SERVING THE SAID LEASES.

GENERAL REMARKS - Jun 07, 2007
APPLICABLE GOR BEFORE PAYOUT (WHEN PAYOR HAS RECOVERED WELL COSTS, OPERATING & ROYALTY FROM GROSS REVENUES); OIL INCLUDES CRUDE OIL, NATURAL

DEER MOUNTAIN

File Number	Lse Type Lessor Type	Exposure Oper.Cont. ROFR	DOI Code	
File Status	Int Type / Lse No/Name	Gross		
Mineral Int	Operator / Payor	Net Doi Partner(s)	* *	Lease Description / Rights Held

(cont'd)

M012234 A GASOLINE AND CONDENSATE.

<Linked> Royalty Type | Product Type | Sliding Scale | Convertible | % of Prod/Sales
C007178 A GROSS OVERRIDING ROYALTY | ALL PRODUCTS | Y | N | 100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: 15.00000000 Min Pay: Prod/Sales:
S/S OIL: Min: 5.00000000 Max: 15.00000000 Div: 1/15.9 Prod/Sales:
Other Percent: Min: 0.14/MCF Prod/Sales:

Paid to: ROY TO (C)		Paid by: ROY BY (C)	
HOYDA, DONALD J	16.91250000	SPYGLASS RES	3.57340000
FREEHOLD PART	16.91250000	ASPENLEAF ENERG	96.20330000
TAQA NORTH	66.17500000	1742411 AB	0.22330000

ROYALTY DEDUCTIONS - Jun 07, 2007
PROP SHARE ACTUAL COSTS OF TRANS TO MARKET CONNECTION WHERE SALES ARE NOT MADE F.O.B. THE TANKS SERVING THE SAID LEASES.

GENERAL REMARKS - Jun 07, 2007
GOR APPLICABLE AFTER PAYOUT RECOVERY OF WELL COSTS (INCL OPERATING & ROYALTY) FROM GROSS REVENUES

Royalty Type | Product Type | Sliding Scale | Convertible | % of Prod/Sales
CROWN SLIDING SCALE ROYALTY | ALL PRODUCTS | Y | N | % of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) Paid by: WI (C)

DEER MOUNTAIN

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s) *	DOI Code *		Lease Description / Rights Held
(cont'd)							
M012234	A ALBERTA DEPT.		100.00000000	SPYGLASS RES	3.57340000		
				ASPENLEAF ENERG	96.20330000		
				1742411 AB	0.22330000		

M012234	PNG CR	Eff: May 11, 1961	640.000	UA4071 Bypass	UNIT INT	UNIT TRACT	Area : DEER MOUNTAIN
Sub: B	WI	Exp: May 10, 1982	640.000	SPYGLASS RES	4.00000000	3.57340000	TWP 68 RGE 8 W5M SEC 28
ACTIVE	123768D	Ext: 15	25.600	1742426 ALBERTA	0.50000000		
	ASPENLEAF ENERG			ASPENLEAF ENERG	80.12420000	96.20327000	PNG IN SWAN_HILLS
100.00000000	FREEHOLD PART			1742411 AB	0.25000000		
				TAQA NORTH	15.12580000		
				1742411 AB		0.22333000	
				Total Rental: 896.00			

Status		Acres	Net		Acres	Net
DEVELOPED	Dev:	640.000	25.600	Undev:	0.000	0.000

Related Contracts

C007178 A	POOLFO	Nov 15, 1980
C007179 D	JOA	Apr 01, 1997
C008818 A	P&S	Oct 15, 2002 (I)
UA4071	UNIT	Nov 01, 1984
UA4071 09	UNIT	Nov 01, 1984
UA4071 10	UNIT	Nov 01, 1984
UA4071 11	UNIT	Nov 01, 1984

Royalty / Encumbrances

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007178 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: 15.00000000 Min Pay: Prod/Sales:
S/S OIL: Min: 5.00000000 Max: 15.00000000 Div: 1/23.85 Prod/Sales:
Other Percent: Min: 0.10/MCF Prod/Sales:

Well U.W.I.	Status/Type
102/04-28-068-08-W5/00	INJECTION/WAT
100/12-28-068-08-W5/00	PUMPING/OIL
100/02-28-068-08-W5/00	ABANDONED/OIL
100/02-28-068-08-W5/02	ABANDONED/WAT
100/02-28-068-08-W5/03	WATER SRC/WAT
102/11-28-068-08-W5/00	LOCATION/LOCA
100/10-28-068-08-W5/00	INJECTION/WAT
100/11-28-068-08-W5/00	FLOWING/OIL
100/06-28-068-08-W5/00	ABANDONED/OIL

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

M012234 B

Paid to: ROY TO (C)

HOYDA, DONALD J	16.91250000	SPYGLASS RES	3.57340000
FREEHOLD PART	16.91250000	ASPENLEAF ENERG	96.20330000
TAQA NORTH	66.17500000	1742411 AB	0.22330000

Paid by: ROY BY (C)

100/14-28-068-08-W5/00 ABANDONED/UNK
100/06-19-068-08-W5/00 LOCATION/UNKN
100/06-20-068-08-W5/00 PUMPING/OIL
102/14-17-068-08-W5/00 INJECTION/WAT
102/14-28-068-08-W5/00 INJECTION/WAT

ROYALTY DEDUCTIONS - Jun 07, 2007
PROP SHARE ACTUAL COSTS OF TRANSPORTATION TO MARKET CONNECTION WHERE SALES ARE NOT MADE F.O.B. THE TANKS SERVING THE SAID LEASES.
GENERAL REMARKS - Jun 07, 2007
APPLICABLE GOR BEFORE PAYOUT (WHEN PAYOR HAS RECOVERED WELL COSTS, OPERATING & ROYALTY FROM GROSS REVENUES); OIL INCLUDES CRUDE OIL, NATURAL GASOLINE AND CONDENSATE.

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007178 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: 15.00000000 **Min Pay:** **Prod/Sales:**
S/S OIL: Min: 5.00000000 **Max:** 15.00000000 **Div:** 1/15.9 **Prod/Sales:**
Other Percent: **Min:** 0.14/MCF **Prod/Sales:**

Paid to: ROY TO (C) **Paid by:** ROY BY (C)

HOYDA, DONALD J	16.91250000	SPYGLASS RES	3.57340000
FREEHOLD PART	16.91250000	ASPENLEAF ENERG	96.20330000
TAQA NORTH	66.17500000	1742411 AB	0.22330000

ROYALTY DEDUCTIONS - Jun 07, 2007
PROP SHARE ACTUAL COSTS OF TRANS TO MARKET CONNECTION WHERE SALES ARE NOT MADE F.O.B. THE TANKS SERVING THE SAID LEASES.
GENERAL REMARKS - Jun 07, 2007
GOR APPLICABLE AFTER PAYOUT RECOVERY OF WELL COSTS (INCL OPERATING &

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code		
File Status	Int Type / Lse No/Name	Gross				
Mineral Int	Operator / Payor	Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M012234 B ROYALTY) FROM GROSS REVENUES

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	% of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M)		Paid by: UNIT TRAC(C)	
ALBERTA DEPT.	100.00000000	SPYGLASS RES	3.57340000
		1742411 AB	0.22333000
		ASPENLEAF ENERG	96.20327000

Related Units

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Zone:		PNG IN SWAN_HILLS	

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Sub: 09	**Tract Number:** 09		**Tract Part%:** 1.46650000

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Sub: 10	**Tract Number:** 10		**Tract Part%:** 3.88120000

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Sub: 11	**Tract Number:** 11		**Tract Part%:** 0.19480000

DEER MOUNTAIN

File Number File Status Mineral Int	Lse Type Lessor Type Int Type / Lse No/Name Operator / Payor		Exposure Gross Net	Oper.Cont. ROFR Doi Partner(s)	DOI Code	Lease Description / Rights Held
M012235	PNG CR	Eff: Jan 30, 1962	320.000	C007179 C No	WI	Area : DEER MOUNTAIN
Sub: A	WI	Exp: Jan 29, 1983	320.000	SPYGLASS RES	3.57340000	TWP 68 RGE 8 W5M W 30
ACTIVE	124788	Ext: 15	11.435	ASPENLEAF ENERG	96.20330000	PNG TO BASE BEAVERHILL_LAKE
	PENGROWTH GAS			1742411 AB	0.22330000	EXCL PNG IN SWAN_HILLS
100.00000000	ASPENLEAF ENERG	Count Acreage = No				

Total Rental: 0.00

Status		Acres	Net		Acres	Net
UNDEVELOPED	Dev:	0.000	0.000	Undev:	320.000	11.435

Related Contracts

C007177 A	ROYALTY	Jul 01, 1971
C007179 C	JOA	Apr 01, 1997
C008818 A	P&S	Oct 15, 2002 (I)

Royalty / Encumbrances

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007177 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of SALES

Roy Percent: 5.00000000
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: ROY TO (C)		Paid by: ROY BY (C)	
ENERCAN	47.00000000	ASPENLEAF ENERG	96.20326000
LINTUS	27.00000000	SPYGLASS RES	3.57340000
REDEAGLE	16.00000000	1742411 AB	0.22334000
SUNBIRD INVEST	10.00000000		

GENERAL REMARKS - Jan 23, 2007
PROP SHARE TRANSPORTATION; SIMILAR TO CRN ALLOWABLE

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held

(cont'd)

	Roy Percent:					
	Deduction:	STANDARD				
M012235 A	Gas: Royalty:			Min Pay:		Prod/Sales:
	S/S OIL: Min:		Max:	Div:		Prod/Sales:
	Other Percent:			Min:		Prod/Sales:

Paid to: LESSOR (M)		Paid by: WI	(C)
ALBERTA DEPT.	100.00000000	SPYGLASS RES	3.57340000
		ASPENLEAF ENERG	96.20330000
		1742411 AB	0.22330000

M012235	PNG CR	Eff: Jan 30, 1962	320.000	UA4071 Bypass	UNIT INT	UNIT TRACT	Area : DEER MOUNTAIN
Sub: B	WI	Exp: Jan 29, 1983	320.000	SPYGLASS RES	4.00000000	3.57340000	TWP 68 RGE 8 W5M W 30
ACTIVE	124788	Ext: UNITIZED	12.800	1742426 ALBERTA	0.50000000		PNG IN SWAN_HILLS
	PENGROWTH EN			ASPENLEAF ENERG	80.12420000	96.20327000	
100.00000000	ASPENLEAF ENERG			1742411 AB	0.25000000		
				TAQA NORTH	15.12580000		
				1742411 AB		0.22333000	
				Total Rental: 448.00			

Related Contracts

C007177 A	ROYALTY	Jul 01, 1971
C007179 D	JOA	Apr 01, 1997
C008818 A	P&S	Oct 15, 2002 (I)
UA4071	UNIT	Nov 01, 1984
UA4071 03	UNIT	Nov 01, 1984

Status		Acres	Net		Acres	Net
DEVELOPED	Dev:	320.000	12.800	Undev:	0.000	0.000

Well U.W.I.	Status/Type
100/12-30-068-08-W5/00	PUMPING/OIL

Royalty / Encumbrances

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007177 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of SALES

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

Roy Percent: 5.00000000
Deduction: STANDARD

M012235 B

Gas: Royalty: | **Min Pay:** | **Prod/Sales:**
S/S OIL: Min: | **Max:** | **Div:** | **Prod/Sales:**
Other Percent: | **Min:** | **Prod/Sales:**

Paid to: ROY TO (C)		Paid by: ROY BY (C)	
ENERCAN	47.00000000	ASPENLEAF ENERG	96.20326000
LINTUS	27.00000000	SPYGLASS RES	3.57340000
REDEAGLE	16.00000000	1742411 AB	0.22334000
SUNBIRD INVEST	10.00000000		

GENERAL REMARKS - Jan 23, 2007
PROP SHARE TRANSPORTATION; SIMILAR TO CRN ALLOWABLE

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: | **Min Pay:** | **Prod/Sales:**
S/S OIL: Min: | **Max:** | **Div:** | **Prod/Sales:**
Other Percent: | **Min:** | **Prod/Sales:**

Paid to: LESSOR (M)		Paid by: UNIT TRAC(C)	
ALBERTA DEPT.	100.00000000	SPYGLASS RES	3.57340000
		1742411 AB	0.22333000
		ASPENLEAF ENERG	96.20327000

Related Units

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)
M012235 B

Related Units

Zone: PNG IN SWAN_HILLS

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Sub: 03	**Tract Number:** 03		**Tract Part%:** 4.09050000

M012236	PNG CR	Eff: Jan 30, 1962	320.000	C007182 A No	WI	Area : DEER MOUNTAIN
Sub: A	WI	Exp: Jan 29, 1983	320.000	SPYGLASS RES	1.78670000	TWP 68 RGE 8 W5M E30
ACTIVE	124788A	Ext: 15	5.717	ASPENLEAF ENERG	98.10160000	PNG TO BASE BEAVERHILL_LAKE
	ASPENLEAF ENERG			1742411 AB	0.11170000	EXCL PNG IN SWAN_HILLS
100.00000000	ASPENLEAF ENERG	Count Acreage = No				

Total Rental: 0.00

Status		Acres	Net		Acres	Net
UNDEVELOPED	Dev:	0.000	0.000	Undev:	320.000	5.717

Related Contracts

C007177 A	ROYALTY	Jul 01, 1971
C007181 A	ROYALTY	Jun 01, 1972
C007182 A	F/O&OPT	Jun 01, 1972
C008818 A	P&S	Oct 15, 2002 (I)

Royalty / Encumbrances

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007177 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of SALES

Roy Percent: 5.00000000
Deduction: STANDARD
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

M012236 A **Paid to:** ROY TO (C)

Paid to: ROY TO (C)		Paid by: ROY BY (C)	
ENERCAN	47.00000000	ASPENLEAF ENERG	96.20326000
LINTUS	27.00000000	SPYGLASS RES	3.57340000
REDEAGLE	16.00000000	1742411 AB	0.22334000
SUNBIRD INVEST	10.00000000		

GENERAL REMARKS - Jan 23, 2007
PROP SHARE TRANSPORTATION; SIMILAR TO CRN ALLOWABLE

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007181 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of SALES

Roy Percent: 1.00000000
Deduction: NO
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: ROY TO (C)		Paid by: ROY BY (C)	
BRUNSWICK HYDRO	100.00000000	ASPENLEAF ENERG	98.10160000
		SPYGLASS RES	1.78670000
		1742411 AB	0.11170000

GENERAL REMARKS - Jan 23, 2007
DEDUCTIONS: FREE & CLEAR
PROD USED IN DRILLING OPERATIONS NOT SUBJ TO GOR

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min:

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s) *	DOI Code *		Lease Description / Rights Held

(cont'd)

Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) — ALBERTA DEPT. 100.00000000

Paid by: WI (C)
SPYGLASS RES 1.78670000
ASPENLEAF ENERG 98.10160000
1742411 AB 0.11170000

M012236	PNG CR	Eff: Jan 30, 1962	320.000	UA4071 Bypass	UNIT INT	UNIT TRACT	Area : DEER MOUNTAIN
Sub: B	WI	Exp: Jan 29, 1983	320.000	SPYGLASS RES	4.00000000	1.78670000	TWP 68 RGE 8 W5M E30
ACTIVE	124788A	Ext: UNITIZED	12.800	1742426 ALBERTA	0.50000000		PNG IN SWAN_HILLS
	ASPENLEAF ENERG			ASPENLEAF ENERG	80.12420000	98.10163000	
100.00000000	ASPENLEAF ENERG			1742411 AB	0.25000000		
				TAQA NORTH	15.12580000		
				1742411 AB		0.11167000	

Total Rental: 448.00

Status		Acres	Net		Acres	Net
DEVELOPED	Dev:	320.000	12.800	Undev:	0.000	0.000

Related Contracts

C007177 A	ROYALTY	Jul 01, 1971
C007181 A	ROYALTY	Jun 01, 1972
C007182 B	F/O&OPT	Jun 01, 1972
C008818 A	P&S	Oct 15, 2002 (I)
UA4071	UNIT	Nov 01, 1984
UA4071 04	UNIT	Nov 01, 1984

Well U.W.I.	Status/Type
100/10-30-068-08-W5/00	INJECTION/WAT
100/02-30-068-08-W5/00	SUSPENDED/OIL

Royalty / Encumbrances

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007177 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of SALES

Roy Percent: 5.00000000
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min:

DEER MOUNTAIN

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Gross			
Mineral Int	Operator / Payor	Net	Doi Partner(s) *	*	

(cont'd)

Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: ROY TO (C)		Paid by: ROY BY (C)	
ENERCAN	47.00000000	ASPENLEAF ENERG	96.20326000
LINTUS	27.00000000	SPYGLASS RES	3.57340000
REDEAGLE	16.00000000	1742411 AB	0.22334000
SUNBIRD INVEST	10.00000000		

GENERAL REMARKS - Jan 23, 2007
PROP SHARE TRANSPORTATION; SIMILAR TO CRN ALLOWABLE

M012236 B

Royalty / Encumbrances

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007181 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of SALES

Roy Percent: 1.00000000
Deduction: NO
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: ROY TO (C)		Paid by: ROY BY (C)	
BRUNSWICK HYDRO	100.00000000	ASPENLEAF ENERG	98.10160000
		SPYGLASS RES	1.78670000
		1742411 AB	0.11170000

GENERAL REMARKS - Jan 23, 2007
DEDUCTIONS: FREE & CLEAR
PROD USED IN DRILLING OPERATIONS NOT SUBJ TO GOR

DEER MOUNTAIN

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held

(cont'd)

M012236 B

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
ALBERTA DEPT. 100.00000000

Paid by: UNIT TRAC(C)
SPYGLASS RES 1.78670000
1742411 AB 0.11167000
ASPENLEAF ENERG 98.10163000

Related Units

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Zone:		PNG IN SWAN_HILLS	

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Sub: 04	Tract Number: 04		Tract Part%: 7.46000000

M012227	PNG	CR	Eff: May 05, 1964	320.000	C007256 D Yes	WI	Area : DEER MOUNTAIN
Sub: A	WI		Exp: May 04, 1974	320.000	SPYGLASS RES	13.00000000	TWP 68 RGE 9 W5M E24

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
(cont'd)					
M012227					
Sub: A					
ACTIVE	2971 Ext: 15	41.600	1742411 AB	0.81250000	PNG TO BASE BEAVERHILL_LAKE
	TAQA NORTH		TAQA NORTH	83.75000000	EXCL PNG IN SWAN_HILLS
100.00000000	SPYGLASS RES		ASPENLEAF ENERG	2.43750000	

Total Rental: 448.00

Status		Acres	Net		Acres	Net
DEVELOPED	Dev:	320.000	41.600	Undev:	0.000	0.000

Related Contracts

C007256 D	FARMOUT	Mar 02, 1973
C007284 A	ROYALTY	Feb 02, 1979
C008818 A	P&S	Oct 15, 2002 (I)

Well U.W.I.	Status/Type
100/04-24-068-09-W5/00	ABANDONED/OIL

Royalty / Encumbrances

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007284 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	40.00000000 % of SALES

Roy Percent: 2.73438000
Deduction: STANDARD
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: ROY TO (C)		Paid by: ROY BY (C)	
MIAMI OIL	100.00000000	439 GP PARTNERS	12.50000000
		SPYGLASS RES	10.00000000
		ASPENLEAF ENERG	1.87500000
		TAQA NORTH LTD	75.00000000
		1201741 ALBERTA	0.62500000

GENERAL REMARKS - Jan 31, 2007
PAYOR ONLY REQUIRED TO DEAL WITH ONE ROYALTY OWNER IF MULTIPLE ASSIGNMENTS

File Number File Status Mineral Int	Lse Type Lessor Type Int Type / Lse No/Name Operator / Payor		Exposure Gross Net	Oper.Cont. ROFR Doi Partner(s)	DOI Code *	 *	Lease Description / Rights Held		

(cont'd)

M012227 A TIK - OIL, CRUDE NAPHTHA & OTHER PETROLEUM SUBSTANCES EXCEPT GAS; 45 DAYS WRITTEN NOTICE; 10 DAYS TANKAGE PROVIDED; DELIVER AT TANK OUTLETS FREE & CLEAR OF CHARGES.

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	% of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: WI (C)	
ALBERTA DEPT.	100.00000000	SPYGLASS RES	13.00000000
		1742411 AB	0.81250000
		TAQA NORTH	83.75000000
		ASPENLEAF ENERG	2.43750000

M012227	PNG CR	Eff: May 05, 1964	320.000	UA4071 Bypass	UNIT INT	UNIT TRACT	Area : DEER MOUNTAIN		
Sub: B	WI	Exp: May 04, 1974	320.000	SPYGLASS RES	4.00000000	13.00000000	TWP 68 RGE 9 W5M E24		
ACTIVE	2971	Ext: UNITIZED	12.800	1742426 ALBERTA	0.50000000		PNG IN SWAN_HILLS		
	TAQA NORTH LTD			ASPENLEAF ENERG	80.12420000	2.43750000			
100.00000000	SPYGLASS RES	Count Acreage = No		1742411 AB	0.25000000	0.81250000	——— Related Contracts ———		
				TAQA NORTH	15.12580000		C007256 C	FARMOUT	Mar 02, 1973
				TAQA NORTH LTD		83.75000000	C007284 A	ROYALTY	Feb 02, 1979
							C008818 A	P&S	Oct 15, 2002 (I)
				Total Rental: 0.00			UA4071	UNIT	Nov 01, 1984
							UA4071 12	UNIT	Nov 01, 1984

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	*	DOI Code	*	Lease Description / Rights Held

(cont'd)

M012227
Sub: B

Status		Acres	Net		Acres	Net
DEVELOPED	Dev:	320.000	12.800	Undev:	0.000	0.000

Royalty / Encumbrances

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C007284 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	40.00000000 % of SALES

Roy Percent: 2.73438000
Deduction: STANDARD
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: ROY TO (C)		Paid by: ROY BY (C)	
MIAMI OIL	100.00000000	439 GP PARTNERS	12.50000000
		SPYGLASS RES	10.00000000
		ASPENLEAF ENERG	1.87500000
		TAQA NORTH LTD	75.00000000
		1201741 ALBERTA	0.62500000

GENERAL REMARKS - Jan 31, 2007
PAYOR ONLY REQUIRED TO DEAL WITH ONE ROYALTY OWNER IF MULTIPLE ASSIGNMENTS
TIK - OIL, CRUDE NAPHTHA & OTHER PETROLEUM SUBSTANCES EXCEPT GAS; 45 DAYS WRITTEN NOTICE; 10 DAYS TANKAGE PROVIDED; DELIVER AT TANK OUTLETS FREE & CLEAR OF CHARGES.

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	% of PROD

Roy Percent:

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s) *	DOI Code *	Lease Description / Rights Held

(cont'd)

Deduction: STANDARD

M012227	B	Gas: Royalty:		Min Pay:	Prod/Sales:
		S/S OIL: Min:	Max:	Div:	Prod/Sales:
		Other Percent:		Min:	Prod/Sales:

Paid to: LESSOR (M)

ALBERTA DEPT.	100.00000000

Paid by: UNIT TRAC(C)

SPYGLASS RES	13.00000000
TAQA NORTH LTD	83.75000000
1742411 AB	0.81250000
ASPENLEAF ENERG	2.43750000

Related Units

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Zone:		PNG IN SWAN_HILLS	

Unit File No	Effective Date	Unit Name	Unit Operator
UA4071	Nov 01, 1984	DEER MOUNTAIN UNIT NO. 2	ASPENLEAF ENERG
Sub: 12	Tract Number: 12		Tract Part%: 4.49280000

SPYGLASS RESOURCES CORP.
Mineral Property Report

Division: NORTH

DEER MOUNTAIN

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR		DOI Code		
File Status	Int Type / Lse No/Name	Gross					
Mineral Int	Operator / Payor	Net	Doi Partner(s)	*	*		Lease Description / Rights Held

Division Total:	Total Gross:	5,760.000	Total Net:	259.200				
	Dev Gross:	5,760.000	Dev Net:	259.200	Undev Gross:	0.000	Undev Net:	0.000
Report Total:	Total Gross:	5,760.000	Total Net:	259.200				
	Dev Gross:	5,760.000	Dev Net:	259.200	Undev Gross:	0.000	Undev Net:	0.000

** End of Report **

THE FOLLOWING COMPRISES SCHEDULE "B" ATTACHED TO AND FORMING PART OF A PURCHASE AND SALE AGREEMENT DATED THE **25th** DAY OF **January**, 2016 BETWEEN ERNST & YOUNG INC., solely in its capacity as receiver and manager of SPYGLASS RESOURCES CORP., and not in its personal or corporate capacity, and **New North Resources Ltd.**

Wells and Facilities

Wells

The following **2** pages comprise the Wells

Facilities

SA3294
Gas Transportation and Compression Agreement dated August 1, 2006
Well: 100/10-19-068-08W5/00

UA4071
Deer Mountain Unit No. 2
Spyglass – 4%

WELL SCHEDULE TO PURCHASE AND SALE AGREEMENT

AREA	FORMATTED UWI	WELL NAME	STATUS	PRODUCT	CURRENT WORKING INTEREST
DEER MOUNTAIN	00/01-16-068-08W5/0	ARCAN 2-21 HZ SWANH 1-16-68-8	PRODUCING	OIL	4.00
DEER MOUNTAIN	00/10-16-068-08W5/0	ARCAN SWANH 10-16-68-8	INJECTION	WATER	4.00
DEER MOUNTAIN	00/13-16-068-08W5/0	ARCAN SWANH 13-16-68-8	INJECTION	WATER	4.00
DEER MOUNTAIN	00/01-17-068-08W5/0	ARCAN 10-17 HZ SWANH 1-17-68-8	PRODUCING	OIL	4.00
DEER MOUNTAIN	00/02-17-068-08W5/0	ARCAN SWANH 2-17-68-8	PRODUCING	OIL	3.57
DEER MOUNTAIN	00/10-17-068-08W5/0	ARCAN SWANH 10-17-68-8	INJECTION	WATER	3.57
DEER MOUNTAIN	00/11-17-068-08W5/0	ARCAN 12-20 HZ SWANH 11-17-68-8	PRODUCING	OIL	4.00
DEER MOUNTAIN	00/13-17-068-08W5/0	ARCAN (2-17) HZ SWANH 13-17-68-8	PRODUCING	OIL	4.00
DEER MOUNTAIN	02/14-17-068-08W5/0	ARCAN 10-19 HZ SWANH 14-17-68-8	INJECTION	WATER	4.00
DEER MOUNTAIN	00/02-19-068-08W5/0	ARCAN 10-24 HZ SWANH 2-19-68-8	PRODUCING	OIL	4.00
DEER MOUNTAIN	00/06-19-068-08W5/0	ARCAN 4-28 DR SWANH 6-19-68-8	LOCATION		4.00
DEER MOUNTAIN	00/10-19-068-08W5/0	ARCAN SWANH 10-19-68-8	ABANDONED	OIL	4.00
DEER MOUNTAIN	00/12-19-068-08W5/0	ARCAN SWANH 12-19-68-8	ABANDONED	OIL	4.00
DEER MOUNTAIN	00/02-20-068-08W5/0	ARCAN 16-17 SWANH 2-20-68-8	ABANDONED	OIL	4.00
DEER MOUNTAIN	00/06-20-068-08W5/0	ARCAN 10-17 HZ SWANH 6-20-68-8	PRODUCING	OIL	4.00
DEER MOUNTAIN	00/08-20-068-08W5/0	ARCAN 12-20 HZ SWANH 8-20-68-8	PRODUCING	OIL	4.00
DEER MOUNTAIN	00/12-20-068-08W5/0	ARCAN SWANH 12-20-68-8	PRODUCING	OIL	4.00
DEER MOUNTAIN	00/13-20-068-08W5/0	ARCAN SWANH 13-20-68-8	INJECTION	WATER	4.00
DEER MOUNTAIN	02/13-20-068-08W5/0	ARCAN 4-28 HZ SWANH 13-20-68-8	PRODUCING	OIL	4.00
DEER MOUNTAIN	00/02-21-068-08W5/0	ARCAN SWANH 2-21-68-8	ABANDONED	OIL	4.00
DEER MOUNTAIN	00/04-21-068-08W5/0	ARCAN SWANH 4-21-68-8	INJECTION	WATER	4.00
DEER MOUNTAIN	02/10-21-068-08W5/0	ARCAN SWANH 10-21-68-8	INJECTION	WATER	4.00
DEER MOUNTAIN	00/12-21-068-08W5/0	ARCAN SWANH 12-21-68-8	INJECTION	WATER	4.00
DEER MOUNTAIN	00/14-21-068-08W5/0	ARCAN 4-28 DR SWANH 14-21-68-8	PRODUCING	OIL	4.00
DEER MOUNTAIN	00/04-22-068-08W5/0	ARCAN SWANH 4-22-68-8	INJECTION	WATER	4.00
DEER MOUNTAIN	00/01-28-068-08W5/0	ARCAN SWANH 01-28-68-8	PRODUCING		4.00
DEER MOUNTAIN	00/02-28-068-08W5/0	ARCAN SWANH 2-28-68-8	ABANDONED	OIL	4.00
DEER MOUNTAIN	00/02-28-068-08W5/2	ARCAN SWANH 2-28-68-8	ABANDONED	WATER	4.00
DEER MOUNTAIN	00/02-28-068-08W5/3	ARCAN SWANH 2-28-68-8	INJECTION	WATER	4.00
DEER MOUNTAIN	02/04-28-068-08W5/0	ARCAN SWANH 4-28-68-8	INJECTION	WATER	4.00
DEER MOUNTAIN	00/05-28-068-08W5/0	ARCAN 10-29 HZ SWANH 5-28-68-8	PRODUCING	OIL	4.00
DEER MOUNTAIN	00/06-28-068-08W5/0	ARCAN 4-28 DR SWANH 6-28-68-8	ABANDONED	OIL	4.00
DEER MOUNTAIN	00/10-28-068-08W5/0	ARCAN SWANH 10-28-68-8	INJECTION	WATER	4.00
DEER MOUNTAIN	00/11-28-068-08W5/0	ARCAN SWANH 11-28-68-8	PRODUCING	OIL	4.00
DEER MOUNTAIN	02/11-28-068-08W5/0	ARCAN SWANH 11-28-68-8	LOCATION		4.00
DEER MOUNTAIN	00/12-28-068-08W5/0	ARCAN SWANH 12-28-68-8	PRODUCING	OIL	4.00
DEER MOUNTAIN	00/14-28-068-08W5/0	ARCAN 2-33 DR SWANH 14-28-68-8	ABANDONED		4.00
DEER MOUNTAIN	02/14-28-068-08W5/0	ARCAN 2-33 DR SWANH 14-28-68-8	INJECTION	WATER	4.00
DEER MOUNTAIN	00/02-29-068-08W5/0	ARCAN SWANH 2-29-68-8	INJECTION	WATER	4.00
DEER MOUNTAIN	00/04-29-068-08W5/0	ARCAN SWANH 4-29-68-8	ABANDONED	WATER	4.00
DEER MOUNTAIN	00/05-29-068-08W5/0	ARCAN SWANH 5-29-68-8	INJECTION	WATER	4.00
DEER MOUNTAIN	02/09-29-068-08W5/0	ARCAN 12-29 HZ SWANH 9-29-68-8	PRODUCING	OIL	4.00
DEER MOUNTAIN	00/10-29-068-08W5/0	ARCAN SWANH 10-29-68-8	PRODUCING	OIL	4.00
DEER MOUNTAIN	00/11-29-068-08W5/0	ARCAN SWANH 11-29-68-8	LOCATION		4.00
DEER MOUNTAIN	00/12-29-068-08W5/0	ARCAN SWANH 12-29-68-8	PRODUCING	OIL	4.00
DEER MOUNTAIN	00/14-29-068-08W5/0	ARCAN 14-29 DR SWANH 14-29-68-8	PRODUCING	OIL	4.00
DEER MOUNTAIN	00/15-29-068-08W5/0	ARCAN SWANH 15-29-68-8	INJECTION	WATER	4.00
DEER MOUNTAIN	00/02-30-068-08W5/0	ARCAN SWANH 2-30-68-8	SUSPENDED	OIL	4.00
DEER MOUNTAIN	00/05-30-068-08W5/0	ARCAN 10-29 HZ SWANH 5-30-68-8	PRODUCING		4.00
DEER MOUNTAIN	00/06-30-068-08W5/0	ARCAN (12-20) HZ SWANH 6-30-68-8	PRODUCING	OIL	4.00
DEER MOUNTAIN	00/07-30-068-08W5/0	ARCAN SWANH 7-30-68-8	PRODUCING	OIL	4.00
DEER MOUNTAIN	00/08-30-068-08W5/0	ARCAN SWANH 8-30-68-8	ABANDONED	OIL	4.00
DEER MOUNTAIN	02/08-30-068-08W5/0	ARCAN (10-29) HZ SWANH 8-30-68-8	PRODUCING	OIL	4.00

DEER MOUNTAIN	00/09-30-068-08W5/0	ARCAN (15-29) HZ SWANH 9-30-68-8	INJECTION	WATER	4.00
DEER MOUNTAIN	00/10-30-068-08W5/0	ARCAN SWANH 10-30-68-8	INJECTION	WATER	4.00
DEER MOUNTAIN	00/12-30-068-08W5/0	ARCAN SWANH 12-30-68-8	PRODUCING	OIL	4.00
DEER MOUNTAIN	00/16-30-068-08W5/0	ARCAN 10-32 SWANH 16-30-68-8	PRODUCING		4.00
DEER MOUNTAIN	02/16-30-068-08W5/0	ARCAN SWANH 16-30-68-8	ABANDONED		4.00
DEER MOUNTAIN	00/01-32-068-08W5/0	ARCAN 15-29 DR SWANH 1-32-68-8	PRODUCING	OIL	4.00
DEER MOUNTAIN	00/02-32-068-08W5/0	ARCAN SWANH 2-32-68-8	PRODUCING	OIL	4.00
DEER MOUNTAIN	00/07-32-068-08W5/0	ARCAN 10-32 DR SWANH 7-32-68-8	PRODUCING	OIL	4.00
DEER MOUNTAIN	00/08-32-068-08W5/0	ARCAN 10-32 DR SWANH 8-32-68-8		OIL	4.00
DEER MOUNTAIN	02/08-32-068-08W5/0	ARCAN 15-29 HZ SWANH 8-32-68-8	PRODUCING	OIL	4.00
DEER MOUNTAIN	00/09-32-068-08W5/0	ARCAN 10-32 DR SWANH 9-32-68-8	PRODUCING	OIL	4.00
DEER MOUNTAIN	00/10-32-068-08W5/0	ARCAN SWANH 10-32-68-8	INJECTION	WATER	4.00
DEER MOUNTAIN	00/15-32-068-08W5/0	ARCAN SWANH 15-32-68-8	SUSPENDED		4.00
DEER MOUNTAIN	00/16-32-068-08W5/0	ARCAN 10-32 SWANH 16-32-68-8	PRODUCING	OIL	4.00
DEER MOUNTAIN	00/04-24-068-09W5/0	STRATH DEER MTN 4-24-68-9	ABANDONED	OIL	13.00

THE FOLLOWING COMPRISES SCHEDULE "C" ATTACHED TO AND FORMING PART OF A PURCHASE AND SALE AGREEMENT DATED THE **25th** DAY OF **January**, 2016 BETWEEN ERNST & YOUNG INC., solely in its capacity as receiver and manager of SPYGLASS RESOURCES CORP., and not in its personal or corporate capacity, and **New North Resources Ltd.**

Preferential Purchase Rights

The following **1** page comprises the summary of the Preferential Purchase Rights

FILE NO.	CONTRACT	LANDS	RIGHTS	WORKING INTEREST	ENCUMBRANCES	ROFR YES/NO
C007256	FARMOUT AGREEMENT DATED MARCH 2, 1973	TWP 68 RGE 8 W5M NE19	PNG TO BASE BEAVERHILL LAKE	Spyglass Resources Corp. 13.0% 1742411 Alberta Ltd. 0.8125% TAQA North 83.75% Aspenleaf Energy Limited 2.4375%	Conv. ORR 10% on 100% production paid to Spyglass Resources Corp. 10% TAQA North 87.5% 1742411 Alberta Ltd. 0.625% Aspenleaf Energy Limited 1.875%	YES 1971 CAPL 15 days
		TWP 68 RGE 8 W5M S19, NW19 TWP 68 RGE 9 W5M E 24	PNG TO BASE BEAVERHILL LAKE	Spyglass Resources Corp. 16.0% 1742411 Alberta Ltd. 1.0% TAQA North 80.0% Aspenleaf Energy Limited 3.0%		

The above lands fall within the Deer Mountain Unit and comprises Tracts 12, 13 of the Unit
This comprises approx. 28.8% of our unit interest

THE FOLLOWING COMPRISES SCHEDULE "D" ATTACHED TO AND FORMING PART OF A PURCHASE AND SALE AGREEMENT DATED THE **25th** DAY OF **January**, 2016 BETWEEN ERNST & YOUNG INC., solely in its capacity as receiver and manager of SPYGLASS RESOURCES CORP., and not in its personal or corporate capacity, and **New North Resources Ltd.**

THIS GENERAL CONVEYANCE made as of this _____ day of _______________, ______.

BETWEEN:

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

- and -

NEW NORTH RESOURCES LTD., a corporation incorporated under the laws 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 dated November 26, 2015, Ernst & Young Inc. was appointed receiver and manager of Spyglass Resources Corp.;

AND WHEREAS Vendor wishes to sell, and Purchaser wishes to purchase, the Assets subject to and in accordance with the terms and conditions contained herein;

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

1. Definitions

In this General Conveyance, including the recitals hereto, the definitions set forth in the Purchase Agreement are adopted herein by reference and, in addition:

"**Purchase Agreement**" means that Purchase and Sale Agreement between Vendor and Purchaser dated January 25, 2016.

2. Conveyance

Pursuant to and for the consideration provided for in the Purchase Agreement, Vendor hereby sells, assigns, transfers, conveys and sets over to Purchaser the entire right, title, estate and interest of Vendor in and to the Assets, to have and to hold the same absolutely, together with all benefit and advantage to be derived therefrom.

3. Subordinate Document

This General Conveyance is executed and delivered by the Parties pursuant to the Purchase Agreement and the provisions of the Purchase Agreement shall prevail in the event of a conflict between the provisions of the Purchase Agreement and the provisions of this General Conveyance.

4. No Merger

The covenants, representations, warranties and indemnities contained in the Purchase Agreement are incorporated herein as fully and effectively as if they were set out herein and there shall be no merger of any covenant, representation, warranty or indemnity contained in the Purchase Agreement by virtue of the execution and delivery hereof, any rule of law, equity or statute to the contrary notwithstanding.

5. Governing Law

This General Conveyance shall be subject to and interpreted, construed and enforced in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and shall, 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.

6. Enurement

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

7. Further Assurances

Each Party will, from time to time and at all times hereafter, at the request of the other Party but without further consideration, do all such further acts and execute and deliver all such further documents as shall be reasonably required in order to fully perform and carry out the terms hereof.

8. Counterpart Execution

This Agreement may be executed in counterpart and by facsimile or other electronic means and all such executed counterparts together shall constitute one and the same agreement.

IN WITNESS WHEREOF the Parties have executed this General Conveyance on the date first above written.

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

Per: ______________________________

Name:

Title:

NEW NORTH RESOURCES LTD.

Per: ______________________________

Name:

Title:

THE FOLLOWING COMPRISES SCHEDULE "E" ATTACHED TO AND FORMING PART OF A PURCHASE AND SALE AGREEMENT DATED THE **25th** DAY OF **January**, 2016 BETWEEN ERNST & YOUNG INC., solely in its capacity as receiver and manager of SPYGLASS RESOURCES CORP., and not in its personal or corporate capacity, and **New North Resources Ltd.**

[VENDOR'S][PURCHASER'S] OFFICER'S CERTIFICATE

TO: [Name of Vendor/Purchaser] [(solely in its capacity as receiver and manager, the "Vendor")] [(the "Purchaser")]

RE: Purchase and Sale Agreement dated [•] between Vendor and Purchaser (the "Agreement")

Unless otherwise defined herein, the definitions provided for in the Agreement are adopted in this certificate (the "Certificate").

I, [Name], [Position] of [Name of Vendor/Purchaser] [(solely in its capacity as receiver and manager (the "Vendor"))] [(the "Purchaser")] hereby certify that as of the date of this Certificate:

1. The undersigned is personally familiar, in [his][her] capacity as an officer of [Vendor][Purchaser], with the matters hereinafter mentioned.

2. Each of the covenants, representations and warranties of the [Vendor][Purchaser] contained in Article 4 of the Agreement were true and correct in all material respects when made and are true and correct in all material respects as of the Closing Date.

3. All obligations of [Vendor][Purchaser] contained in the Agreement to be performed prior to or at Closing have been timely performed in all material respects.

4. This Certificate is made for and on behalf of the [Vendor][Purchaser] and is binding upon it, and I am not incurring, and will not incur, any personal liability whatsoever with respect to it.

5. This Certificate is made with full knowledge that the [Vendor][Purchaser] is relying on the same for the Closing of the transactions contemplated by the Agreement.

IN WITNESS WHEREOF I have executed this Certificate this ____ day of ____________, 2016.

[Name of Vendor/Purchaser]

Per:______________________
Name:
Title:

THE FOLLOWING COMPRISES SCHEDULE "F" ATTACHED TO AND FORMING PART OF A PURCHASE AND SALE AGREEMENT DATED THE **25th** DAY OF **January**, 2016 BETWEEN ERNST & YOUNG INC., solely in its capacity as receiver and manager of SPYGLASS RESOURCES CORP., and not in its personal or corporate capacity, and **New North Resources Ltd.**

COURT ORDER

See Attached