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COURT FILE NUMBER	1601 05495
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANT	NATIONAL BANK OF CANADA
RESPONDENTS	MOSAIC ENERGY LTD.
DOCUMENT	FIFTH REPORT OF THE RECEIVER December 6, 2016
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APPENDICES

INTRODUCTION

1. Ernst & Young Inc. was appointed Receiver (the "**Receiver**") of the property, assets and undertakings (the "**Property**") of Mosaic Energy Ltd. ("**Mosaic**" or the "**Company**") pursuant to an Order of this Honourable Court (the "**Receivership Order**") dated April 26, 2016 (the "**Receivership Date**").

2. The Receivership Order authorized the Receiver, among other things, to carry on the business of Mosaic, 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 fifth report (the "**Fifth Report**") of the Receiver is to provide this Honourable Court with the Receiver's comments on:

   a) the sales and investment solicitation process (the "**SISP**") completed by the Receiver to solicit offers from parties interested in acquiring the Property of Mosaic;

   b) the Asset Purchase and Sale Agreement between the Receiver and Strath Resources Ltd. ("**Strath**") dated November 25, 2016 (the "**Strath PSA**"), and seeking Court approval of same;

   c) the Asset Purchase and Sale Agreement between the Receiver and Predator Oil Ltd. ("**Predator**") dated November 30, 2016 (the "**Predator PSA**"), and seeking Court approval of same;

   d) a proposed distribution to fully repay the borrowings outstanding to the syndicate of financial institutions representing Mosaic's senior secured creditor (the "**Syndicate**");

   e) an update on the claims procedure (the "**Claims Procedure**") being conducted by the Receiver;

f) the Receiver's request for the appointment of an Employee Claims Officer in accordance with the Claims Procedure approved by an Order of this Honourable Court dated September 14, 2016; and

g) the Receiver's recommendations.

TERMS OF REFERENCE

4. Capitalized terms not defined in this Fifth Report are as defined in the Receivership Order or the SISP.

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

BACKGROUND

6. Mosaic is a privately owned company incorporated under the laws of the Province of Alberta and under the *Canada Business Corporations Act* on July 13, 2004. The Company is focused on the exploration for and the development, production and acquisition of, petroleum and natural gas reserves, and is primarily focused on multi zone horizons in the deep basin of the Western Canadian sedimentary basin.

7. Mosaic is the operator of its core properties which are described below:

   a) Kakwa / Resthaven Property: includes liquids-rich Montney natural gas, Dunvegan light oil and the Wilrich natural gas plays. Mosaic's reserve values as at December 31, 2015 of PDP NPV 10% - $90 million (9,200 Mboe) and 2P NPV 10% - $1.1 billion (143,000 Mboe);

   b) West Central Property: predominantly represented by the liquids-rich Glauconite natural gas play in the Gilby area. Reserve values as at December 31, 2015 of PDP NPV 10% - $33.6 million (5,500 Mboe) and 2P NPV 10% - $78.6 million (14,800 Mboe); and

   c) Tower Property: 7,200+ net / 9,700+ gross acres at Tower, British Columbia located in North East British Columbia.

8. Pursuant to an Order dated June 21, 2016 (the "**SISP Approval Order**"), this Honourable Court approved the SISP and the retention of RBC Dominion Securities Inc., a member

company of RBC Capital Markets, to act as the selling agent (the "**Selling Agent**") in the SISP. The SISP had a bid deadline of August 17, 2016 for non-binding letters of intent (the "**Phase I Bid Deadline**") and a bid deadline of September 7, 2016 for binding offers (the "**Phase II Bid Deadline**").

9. Due to the significant interest in the SISP and to allow a sufficient period of time for the completion of management presentations and due diligence, the Receiver was required to amend the SISP as follows:

   a) extend the Phase I Bid Deadline for non-binding letters of intent to August 24, 2016;

   b) implement Phase Ib of the SISP with a deadline of September 15, 2016 for Qualified Bidders (as defined in the SISP) to submit non-binding letters of intent; and

   c) extend the Phase II Bid Deadline for binding offers to November 8, 2016.

10. Additional background on Mosaic is available on the Receiver's website, www.ey.com/ca/Mosaic.

OVERVIEW OF THE SISP

11. The Receiver and the Selling Agent developed the SISP with a view to maximizing the value of the Property for the benefit of Mosaic's broader stakeholder group. A copy of the SISP is attached to the first report of the Receiver dated June 17, 2017 (the "**First Report**").

12. The Receiver and the Selling Agent commenced the marketing process pursuant to the SISP on June 22, 2016.

13. In accordance with the terms of the SISP, the Receiver and the Selling Agent undertook the following:

   a) the SISP was advertised in the *Daily Oil Bulletin* on June 23, 2016 and June 30, 2016. A press release was issued setting out relevant information about the SISP with Canada Newswire designating dissemination in Canada and major financial centres in the United States;

b) the Selling Agent delivered a non-confidential teaser letter (the "**Marketing Teaser**"), a copy of which is attached as Appendix "A" hereto, describing the opportunity to acquire the Property of Mosaic to greater than 1,500 prospective purchasers. The Marketing Teaser was also posted on the Receiver's website and the Selling Agent's RBC Rundle website;

c) the Selling Agent contacted the more likely potential bidders via telephone, e-mail and/or face to face meetings and described the opportunity to acquire the Property of Mosaic;

d) of the parties contacted, 78 of them executed a confidentiality agreement, (the "**Qualified Bidders**"); and

e) Qualified Bidders were provided additional information via a confidential information memorandum and received access to a virtual data room containing confidential information on the Property and business of Mosaic, and management presentations. Qualified Bidders also asked for and received additional information from management.

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

a) Kakwa Property;

b) West Central Property; and

c) the Tower Property.

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

16. The following provides an overview of the key milestones under the SISP:

a) **Phase I:** Prior to the Phase I Bid Deadline, the Receiver and Selling Agent received 40 proposals from 32 counterparties, of which 22 counterparties were invited to proceed to Phase Ib of the SISP;

b) **Phase Ib:** Prior to the Phase I Bid Deadline, the Receiver and Selling Agent received 27 proposals from 20 counterparties, of which 14 counterparties were invited to proceed to Phase II of the SISP; and

c) **Phase II:** Prior to the Phase II Bid Deadline, the Receiver and Selling Agent received 15 proposals from nine counterparties including four en bloc offers for all three properties/packages and 11 offers for individual packages.

17. The Selling Agent has further prepared a summary and timeline of the SISP which is attached hereto as Appendix "**B**".

18. As discussed in the Fourth Report, the Receiver executed a purchase and sale agreement with ARC Resources Ltd. ("**ARC**") for the Tower Property. The Tower Property sale to ARC was approved by this Honourable Court on November 30, 2016 and the sale closed December 1, 2016 (the "**ARC Transaction**").

19. A summary of the offers received for *en bloc*, Kakwa and West Central Properties is found in the Confidential Supplemental Report to this Fifth Report dated December 5, 2016 (the "**December 5, 2016 Confidential Supplemental Report**"). The Receiver is seeking an Order to have the December 5, 2016 Confidential Supplemental Report sealed.

STRATH PSA

19. The Receiver worked to finalize and execute a definitive purchase and sale agreement (the "**Strath PSA**") with Strath for the purchase of Mosaic's Kakwa Property, with the view of maximizing the recovery for Mosaic's stakeholders. Strath and the Receiver entered into an amending agreement to make certain changes to the Strath PSA (the **Amending Agreement**").

20. The Strath PSA was originally entered into between the Receiver and 1040231 Alberta Ltd. ("**104 AB**"). 104 AB is a corporation that was used for the purpose of participating in the SISP. 104 AB assigned its rights under its Qualified Bid and Strath PSA to a newly incorporated company, Strath (the "**Assignment Agreement**").

21. Strath's is primarily funded by the Stirling Funds ("**Stirling**"). Stirling are value-focused investment funds based in London, England that hold a portfolio of diversified global securities.

22. Key terms of the Strath PSA are as follows:

a) in accordance with the SISP, the Receiver's legal counsel is holding a deposit equivalent to 10% of the purchase price;

b) the Material Contracts (as defined in the SISP) associated with the Kakwa Property are to be assigned to Strath;

c) the transaction under the Strath PSA (the "**Strath Transaction**") is subject to approval of this Honourable Court;

d) the Strath Transaction is subject to approval from Commissioner of Competition appointed pursuant to the *Competition Act* ("**Competition Act Approval**"); and

e) the Strath Transaction is scheduled to close on the later of :

   i. January 16, 2016; or

   ii. three business days following the date upon which Competition Act Approval has been received.

23. Pursuant to the Strath Transaction, the Materials Contracts associated with the Kakwa Property are to be assigned to Strath without amendment. The assignment of the Material Contracts will avoid damages that counterparties may have claimed against Mosaic if the Receiver was required to disclaim the Material Contracts to complete a sale of the Kakwa Property. Therefore, the assignment of the Material Contracts to Strath will result in the recovery to Mosaic's stakeholders not being decreased by the damages which might otherwise have arisen.

24. The Receiver notes that the Strath Transaction is subject to Competition Act Approval. In accordance with the Strath PSA, Strath has made a request for an advance ruling certificate ("**Advance Ruling Certificate**") under the *Competition Act*. The issuance of an Advance Ruling Certificate will satisfy the condition of Competition Act Approval.

25. The Receiver is not aware of any circumstances that would prohibit the issuance of the Advance Ruling Certificate; therefore, the Receiver considers the closing risk associated with Strath Transaction to be minimal as all conditions (other than obtaining Court approval) will be waived or satisfied prior to seeking Court approval or would be expected shortly thereafter.

26. It is the view of the Receiver that the details of the offers received and the purchase price set out in the Strath PSA are commercially sensitive information which could negatively impact the sale of the Property if made public, and should therefore remain confidential until closing of the Strath Transaction in order to preserve the integrity of the SISP in the event that the Strath Transaction does not close.

27. Therefore, a version of the Strath PSA (without the schedules) with the purchase price and deposit amount redacted along has been attached hereto as Appendix "**C**". The fully executed Amending Agreement is attached hereto as Appendix "**D**" and the fully executed Assignment Agreement is attached hereto as Appendix "**E**". The Schedules to the Strath PSA are extremely voluminous and accordingly have not been attached to the version of the Strath PSA which is attached to this Fifth Report. The Receiver has however included the complete Schedules to the copy of the Fifth Report which is posted to the Receiver's web site in respect of this matter, and which can be accessed at www.documentcentre.eycan.com.

28. The Receiver has issued the December 5, 2016 Confidential Supplemental Report which contains an unredacted version of the Strath PSA for the Court, and will seek to have the Confidential Supplemental Report sealed.

RECEIVER'S ANALYSIS OF THE STRATH PSA

29. The Receiver was actively involved with the Selling Agent in considering and approving the Strath PSA. The Receiver believes that approval of the Strath PSA is in the best interest of all stakeholders for the following reasons:

    a) it arose from the SISP which was implemented by the Selling Agent. The Receiver believes that the Selling Agent acted in good faith and with due diligence in meeting the milestones of the SISP and soliciting bids including the bid resulting in the Strath PSA;

    b) there was a broad marketing of the assets to a large number of prospective purchasers over a reasonable time frame;

    c) the Receiver believes that the Strath PSA was negotiated between the parties at arm's length and in good faith and is commercially reasonable;

d) the Strath PSA is supported by Mosaic's senior secured lenders (the "**Syndicate**") and Mosaic's majority shareholder who controls []% of the common shares of Mosaic;

e) the Selling Agent and the Receiver determined that the offer submitted by Strath was the highest and best offer for the Kakwa Property;and

f) the Strath Transaction will provide sufficient proceeds to fully settle all claims (secured and unsecured) against Mosaic and provide a recovery to the shareholders of Mosaic.

PREDATOR PSA

30. The Receiver worked to finalize and execute a definitive purchase and sale agreement (the "**Predator PSA**") with Predator for the purchase of Mosaic's West Central Property, with the view of maximizing the recovery for Mosaic's stakeholders.

31. Key terms of the Predator PSA are as follows:

a) in accordance with the SISP, the Receiver's legal counsel is holding a deposit equivalent to 11.2% of the purchase price;

b) the oil and gas transportation commitments arising from the Material Contract (as defined in the SISP) associated with the West Central Property are to be assigned to Predator;

c) the transaction under the Predator PSA (the "**Predator Transaction**") is subject to approval of this Honourable Court;

d) the Predator Transaction is subject to approval from the Commissioner of Competition appointed pursuant to the *Competition Act* ("Competition Act Approval"); and

e) the Predator Transaction is scheduled to close on the later of :

i. 10 business days following the date upon which the rights of first refusal associated with the West Central Property have been waived or expired;

ii. three business days following the Competition Act Approval; or

iii. three business days following the issuance of the Order of this Honourable Court approving the Predator PSA.

32. The Receiver notes that the Predator Transaction is subject to Competition Act Approval. In accordance with the Predator PSA, Predator has seven days from the date of the Predator PSA to make a request for an Advance Ruling Certificate under the *Competition Act* and the issuance of an Advance Ruling Certificate will satisfy the condition of Competition Act Approval.

33. The Receiver is not aware of any circumstances that would prohibit the issuance of the Advance Ruling Certificate; therefore, the Receiver considers the closing risk associated with the Predator Transaction to be minimal as all conditions (other than obtaining Court approval) will be waived or satisfied waived prior to seeking Court approval or would be expected shortly thereafter.

34. It is the view of the Receiver that the details of the offers received and the purchase price set out in the Predator PSA are commercially sensitive information which could negatively impact the sale of the Property if made public, and should therefore remain confidential until closing of the Predator Transaction in order to preserve the integrity of the SISP in the event that the Predator Transaction does not close.

35. Therefore, a version of the Predator PSA (without the schedules) with the purchase price and deposit amount redacted has been attached hereto as Appendix "**F**". The Receiver has issued the December 5, 2016 Confidential Supplemental Report which contains an unredacted version of the Predator PSA for the Court. The Schedules to the Predator PSA are extremely voluminous and accordingly have not been attached to the version of the Predator PSA which is attached to this Fifth Report. The Receiver has however included the complete Schedules to the copy of the Fifth Report which is posted to the Receiver's web site in respect of this matter, and which can be accessed at www.documentcentre.eycan.com.

RECEIVER'S ANALYSIS OF THE PREDATOR PSA

36. The Receiver was actively involved with the Selling Agent in considering and approving the Predator PSA. The Receiver believes that approval of the Predator PSA is in the best interest of all stakeholders for the following reasons:

a) it arose from the SISP which was implemented by the Selling Agent. The Receiver believes that the Selling Agent acted in good faith and with due diligence in meeting the milestones of the SISP and soliciting bids including the bid resulting in the Predator PSA;

b) there was a broad marketing of the assets to a large number of prospective purchasers over a reasonable time frame;

c) the Receiver believes that the Predator PSA was negotiated between the parties at arm's length and in good faith and is commercially reasonable;

d) the Predator PSA is supported by Mosaic's Syndicate and Natural Gas Partners, Mosaic's majority shareholder who controls approximately 92% of the common shares of Mosaic; and

e) the Selling Agent and the Receiver determined that the offer submitted by Predator was the highest and best offer for the West Central Property.

DISTRIBUTION TO SYNDICATE

37. Mosaic's Kakwa Property and West Central Property to be sold pursuant to the Strath PSA and Predator PSA, respectively, represent all remaining oil and gas property owned by Mosaic.

38. The proceeds to be recovered from the Strath Transaction and Predator Transaction combined with the proceeds received from ARC Transaction will be sufficient for the Receiver to fully settle all claims against Mosaic (secured and unsecured) and provide a recovery to the shareholders of Mosaic.

39. The Receiver understands that the Syndicate is Mosaic's primary secured creditor and holds general security against Mosaic pursuant to a debenture dated June 20, 2013.

40. As described in the First Report, the Receiver's legal counsel, Norton Rose Fulbright Canada LLP, has performed a review of the Syndicate's security and advised the Receiver that the Syndicate's security creates a valid and enforceable security interest in favour of the Syndicate in the Property of Mosaic.

41. As at November 30, 2016, the Syndicate was owed approximately $117.1 million associated with borrowings outstanding at the Receivership Date plus accrued interest.

42. The Receiver is requesting approval from this Honourable Court for an Order authorizing the Receiver to fully repay the indebtedness owed from Mosaic to the Syndicate (the "**Syndicate Repayment**") from the proceeds to be recovered from the proposed Strath and Predator Transactions along with the proceeds received from the ARC Transaction.

RECEIVER'S RECOMMENDATIONS

43. The Receiver recommends that this Honourable Court approve:

a) the Strath PSA;

b) the Predator PSA; and

c) the Syndicate Repayment.

All of which is respectfully submitted this 6th day of December, 2016.

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

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

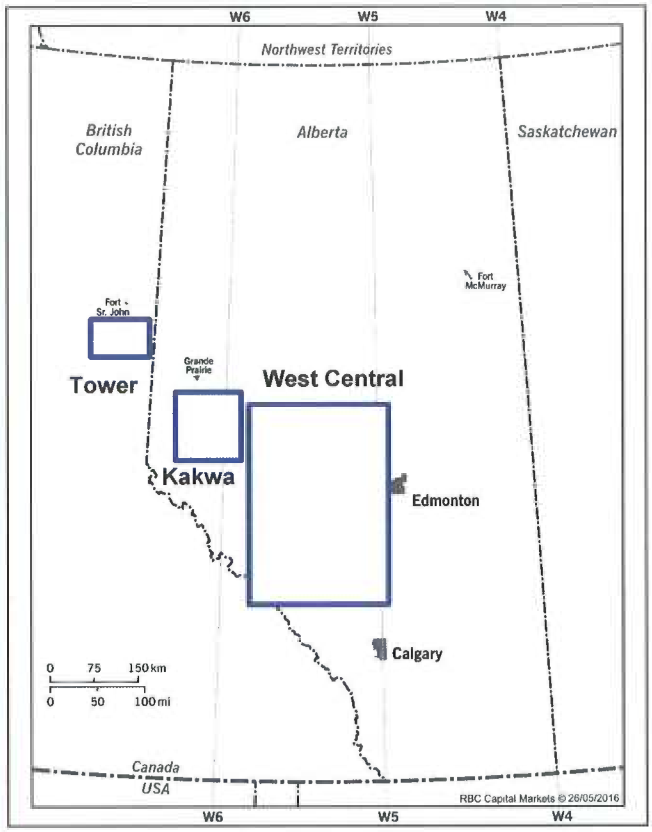
Peter Chisholm, CA, CIRP
Vice President

APPENDIX A

Mosaic Energy

Sale and Investor Solicitation Process

August 2016



MOSAIC | ENERGY

RBC Capital Markets

Disclaimer

The information contained herein ("Information") is based upon information provided by the Company and other sources and is intended solely for use by the recipients ("Interested Parties") to determine whether or not to proceed with further investigations related to submitting an offer to acquire either the assets or the Company or to provide financing. Additional confidential information may be made available to those Interested Parties which execute and deliver a confidentiality agreement (the "Confidentiality Agreement") in the required form to RBC. The Confidentiality Agreement will strictly limit the disclosure of all information provided to an Interested Party, by the Company, RBC or any of their respective affiliates, advisors, agents or representatives.

The process will be managed in accordance with procedures that will be established and communicated to Interested Parties from time to time. The Company and RBC expressly reserve the right, at any time, with or without providing notice or reasons to the Interested Parties, to: (i) amend or terminate the process; (ii) decline to permit any Interested Party to participate in the process; (iii) terminate discussions with any or all Interested Parties; (iv) reject any or all offers; (v) accept an offer other than the highest cash offer; (vi) negotiate with one or more Interested Parties with respect to a transaction; (vii) pursue other value maximizing alternatives; or (viii) limit access at any time to any additional information; all without any liability to the Company, RBC or any of their respective affiliates, advisors, agents or representatives. In addition, the Company and RBC reserve the right to amend any information, which had previously been made available to an Interested Party, either by way of addition, deletion or amendment.

The Information has been prepared in good faith to assist Interested Parties in conducting their own independent evaluation of the Company or its assets, but does not purport to be all inclusive or to necessarily contain all of the information that an Interested Party may desire or that may be required by an Interested Party to properly evaluate the business, prospects, Company or its assets. The Information may include certain statements, estimates, forecasts and projections with respect to the anticipated future performance of the Company. Such statements, estimates, forecasts and projections reflect various assumptions made by the Company and/or RBC concerning anticipated results, which may or may not prove to be correct. No representations or warranties are made as to the accuracy of such statements, estimates, forecasts or projections.

In all cases, an Interested Party should conduct its own independent investigation and analysis of the Company or its assets. Neither the Company, RBC nor any of their respective affiliates, advisors, agents or representatives make any representation or warranty (expressed or implied) as to the accuracy or completeness of the Information. The Company and RBC expressly disclaim any and all liability and responsibility for and associated with the quality, accuracy, completeness or materiality of the Information.

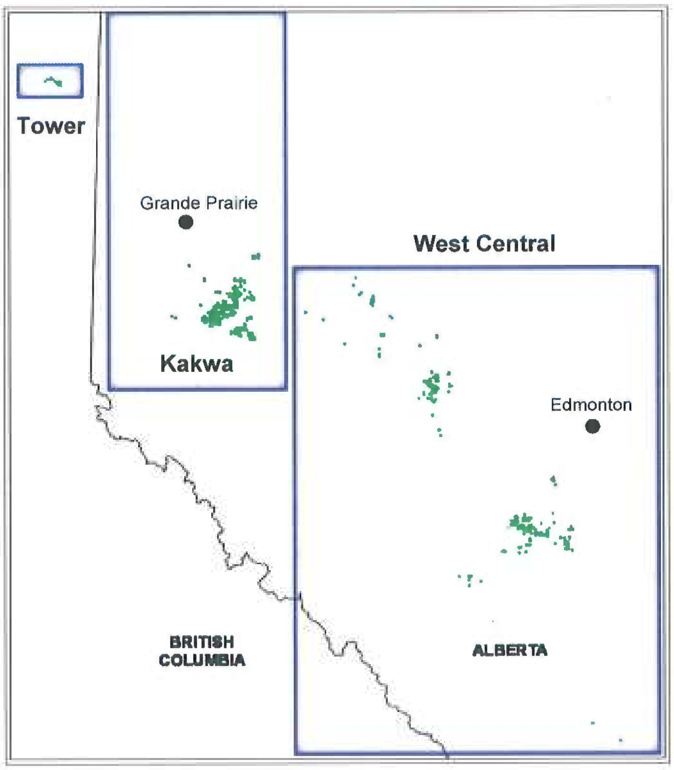
Neither the Company, RBC nor any of their respective affiliates, advisors, agents or representatives will assume any liability for any Interested Party's use of the Information or any other oral, written or other communication transmitted to any Interested Party during the course of an Interested Party's evaluation of the Company or its assets

Each Interested Party must conduct its own independent evaluation and analysis of the Information and satisfy itself as to the quality, accuracy, completeness and materiality of the same. Each Interested Party must rely solely on its own independent evaluation and analysis of the Information when deciding whether or not to submit a bid, term sheet, or enter into a definitive agreement and consummate a transaction. The only Information that will have any legal effect will be that specifically represented or warranted in a definitive agreement, when, as and if executed, with respect to a possible transaction and executed on behalf of the Company and the purchaser or investor.

Mosaic Energy – Sale and Investor Solicitation Process

Established production base in the Alberta Deep Basin with near / long term growth opportunities

Asset Overview Map



Note: Northern area of Kakwa also includes 4 sections located north of Grande Prairie

Investment Highlights

- **High working interest, operated lands in three attractive regions of the WCSB**
  - 100,000+ net / 144,000+ gross acres at Kakwa, AB
  - 7,200+ net / 9,700+ gross acres at Tower
  - 67,200+ net / 114,700+ gross acres at West Central AB, centered at Gilby
- **Established production base in the highly prolific Alberta Montney / Deep Basin**
  - Capable of ~10,400 boe/d (~32 % liquids/oil) with ~5,700 boe/d currently restricted due to infrastructure
  - Ability to add ~4,300 boe/d (IP30, 63% liquids) from 4 Montney wells drilled but not completed (~$10 million of capital required)
- **Scalable Kakwa asset ready for full field commercial development**
  - Top tier economics supported by large OGIP and high liquid yields
  - Montney, Wilrich and Dunvegan horizontal wells generate profitability in today's low commodity price environment
- **Meaningful land position in the emerging NE BC Montney oil trend**
  - Offset activity quickly delineating and de-risking asset base (IP30 >1,000 boe/d)

Corporate / Financial Overview

Operational Highlights	2015 FY	Q1 2016
	($MM)	*($MM)*
Revenue	$82.1	$20.3
Cash Flow	$34.0	$6.7
Capital Expenditures	$134.7	($3.0)
Net Debt	$160.0	$150.3
		31-May-16
Bank Line Drawn		$111.6
Receiver Borrowings		$3.0
Bank Debt		$114.6

Tax Pools / Classification	Amount ($MM)
Canadian Exploration Expense	$2.1
Canadian Development Expense	$144.0
Canadian Oil & Gas Property Expense	$26.1
Undepreciated Capital Cost	$116.6
Loss Carry Forwards	$120.0
Other	$1.0
Total	$409.8

	Production			Proved			Proved plus Probable			1P	2P
Area	Gas	Liquids	Total	Gas	Liquids	Total	Gas	Liquids	Total	NPV10	NPV10
	(Mcf/d)	*(bbl/d)*	*(boe/d)*	*(Bcf)*	*(MMbbl)*	*(MMboe)*	*(Bcf)*	*(MMbbl)*	*(MMboe)*	*($MM)*	*($MM)*
Kakwa	9,264	604	2,148	329	36	91	530	56	144	687	1,168
Kakwa (est. Behind Pipe)	*22,200*	*2,000*	*5,700*								
West Central AB	11,161	734	2,594	52	3	12	79	5	18	72	105
Total	42,625	3,338	10,442	381	39	102	609	61	162	759	1,273

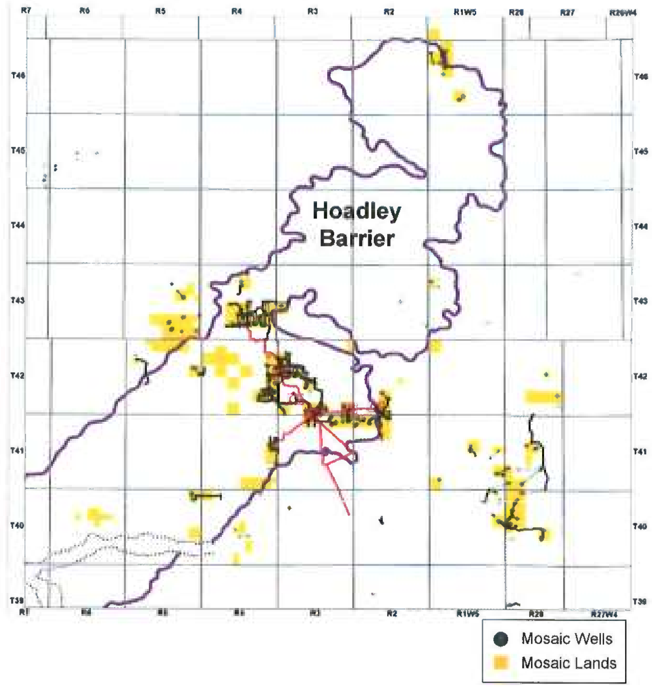
Note: Production represents April 2016 estimates; Reserve volumes and values per Sproule 2015YE report

Predictable cash flow with ability to maintain production for several years through low-risk drilling

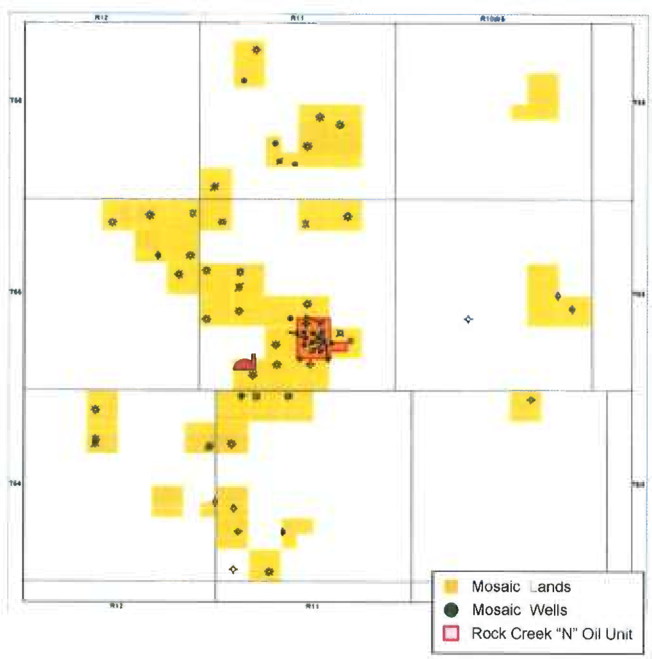
West Central Alberta Asset Overview

- **Predictable, stable cash flow asset**
  - Low decline asset primarily driven by Glauc, Ellerslie, Rock Creek and Pekisko production
- **Ability to maintain production with several years of low-risk drilling inventory**
- **Strategic facility ownership** - 43% working interest in the 01-04-042-03W5 Tidewater operated facility
- **Mosaic has amassed a sizable position in the liquids-rich Duvernay fairway**
  - ~9,400 acres (100% WI) with an option to acquire an additional ~4,400 acres (100% WI)
- Duvernay well performance and capital costs continue to improve and further progress is anticipated at Willesden Green
- Mosaic has drilled a vertical Duvernay land retention well that can be drilled horizontally
  - 13-35-042-05W5 has 35m of gross pay
- Niton consists of Rock Creek gas and the Rock Creek "N" Oil Unit under waterflood

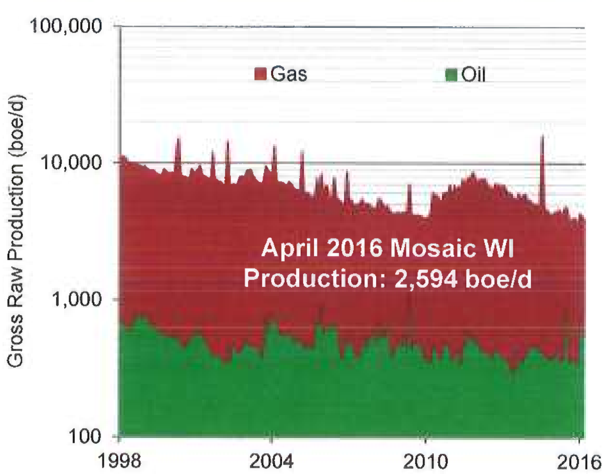
Gilby



Niton



West Central Production History



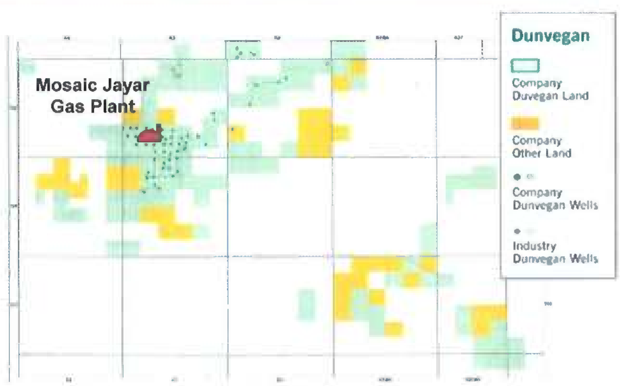
Prolific, stacked play potential targeting the Montney, Wilrich and Dunvegan

Kakwa Asset Overview

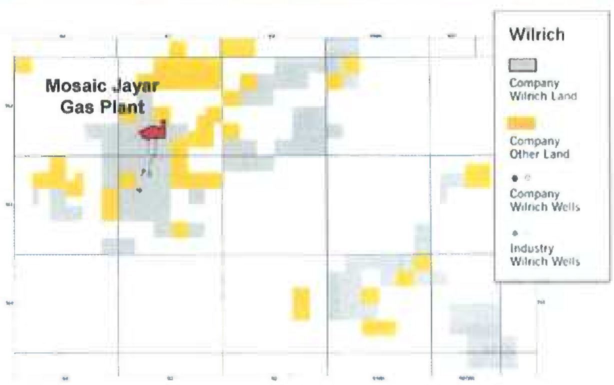
- **Strategically positioned in the heart of the highly prolific Alberta Deep Basin and Montney Liquids Rich fairway**
  - Stacked play potential targeting the Montney, Wilrich and Dunvegan
  - Large inventory of top tier locations in all 3 formations supported by 3D seismic across majority of acreage
- **Mosaic holds ~143,300 gross, contiguous acres within the highly prospective Kakwa area of Alberta**
  - Montney: 37,760 gross acres (84% WI)
  - Dunvegan: 84,303 gross acres (72% WI)
  - Wilrich: 76,943 gross acres (68% WI)
- **Significant operational synergies by sharing surface pads and optimizing infrastructure**

Target Formations

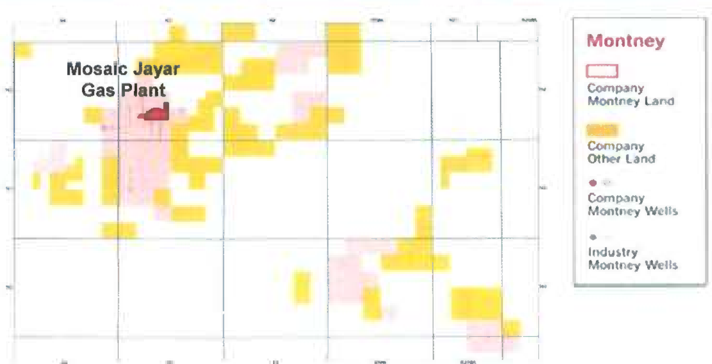
Dunvegan



Wilrich



Montney

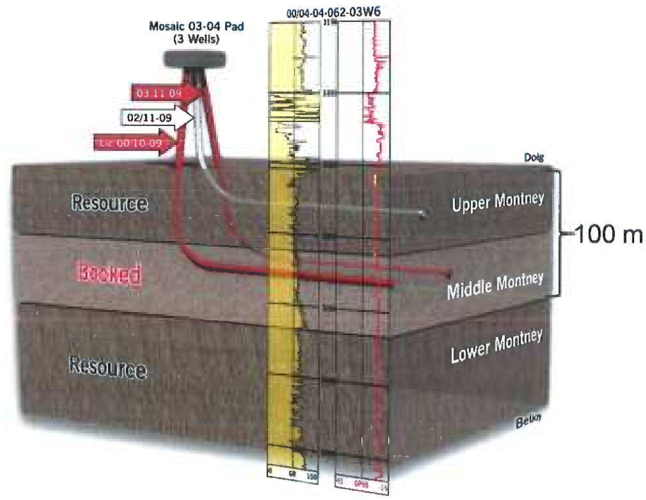


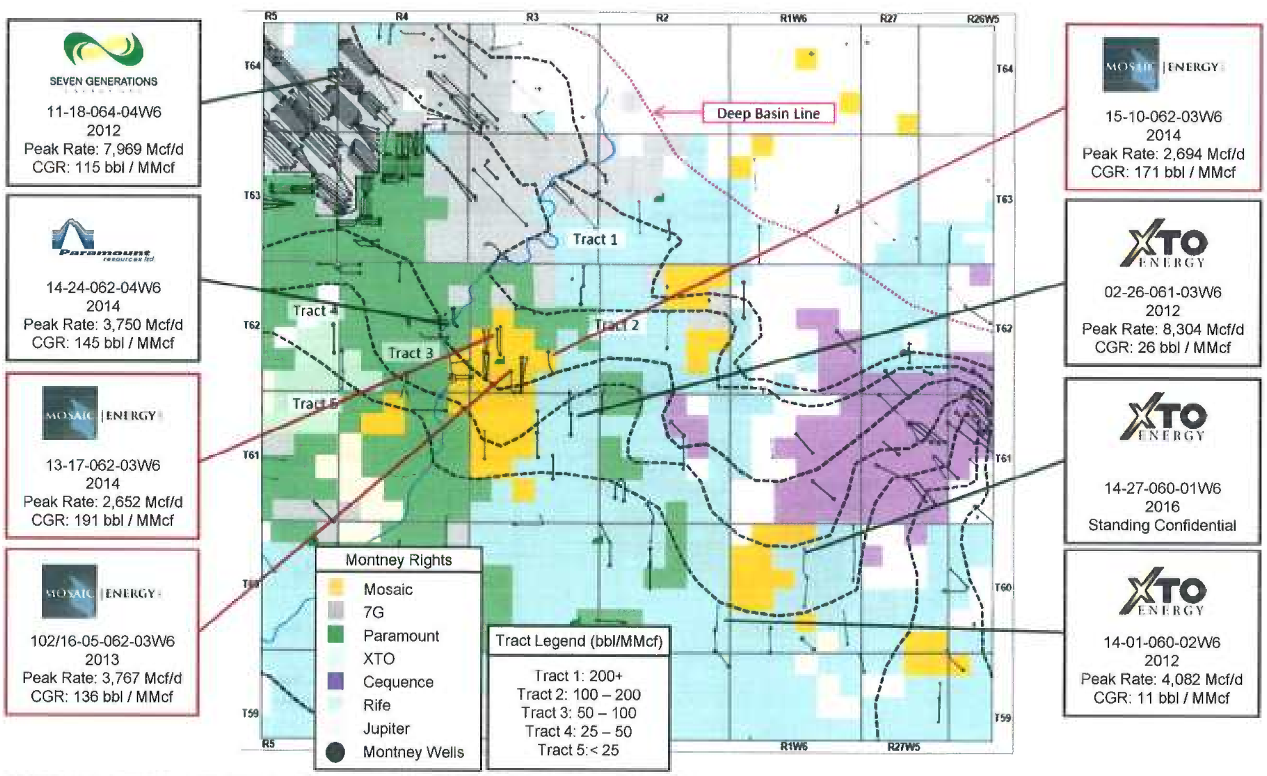
Mosaic Energy – Sale and Investor Solicitation Process

Stacked Montney development has been de-risked by Mosaic and offsetting industry activity

Kakwa – Montney

- **Strategic liquids-rich Alberta Montney position in the Kakwa / Resthaven fairway**
  - Currently ~2,600 boe/d (52 % liquids) of productive capability from the Montney
  - Additional ~4,300 boe/d (IP30, 63% liquids) awaiting completion
- **Large, contiguous, high working interest, operated land base**
  - Highly coveted Montney position with ~31,600 net / ~37,000 gross acres
- **Top tier reservoir with a large inventory of undeveloped locations from multiple horizons**
  - Proven production from Upper and Middle Montney (top 100m)
  - Lower Montney currently being delineated and emerging with significant resource potential
- **Company-owned and operated infrastructure maintains low operating costs**
  - New 50 MMcf/d gas plant with expansion capabilities





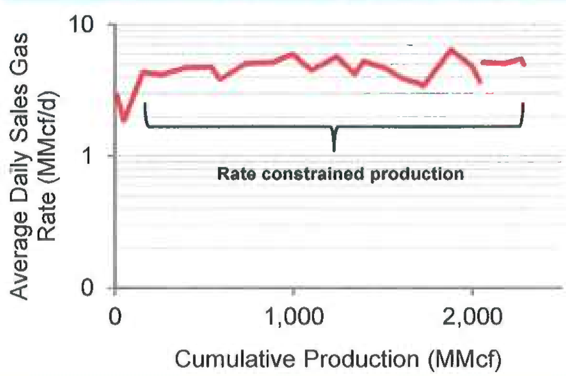
Note: Peak rate represents maximum average daily gas rate; CGR sourced from public or internal data

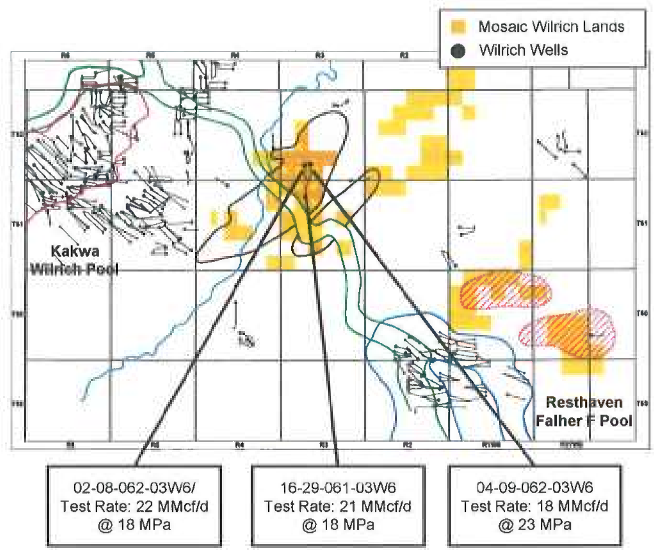
Premier Deep Basin position

Kakwa – Wilrich

- **Proven, prolific Wilrich play on Mosaic lands**
  - 3 horizontals that each tested > 20 MMcf/d
  - Increased confidence through vertical control and comparable performance to offset pools
- **Large remaining inventory of low risk development drilling locations**

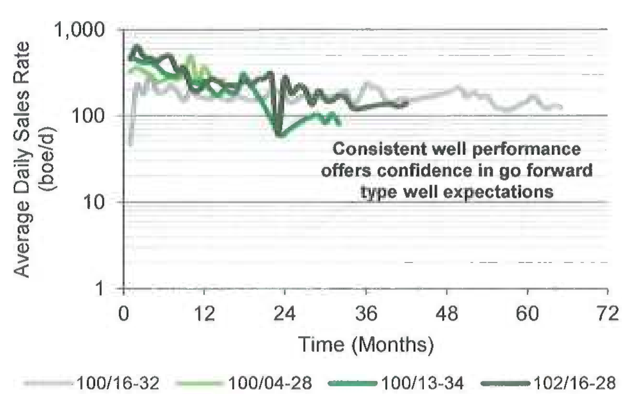
Mosaic Wilrich Hz 04-09-62-03W6

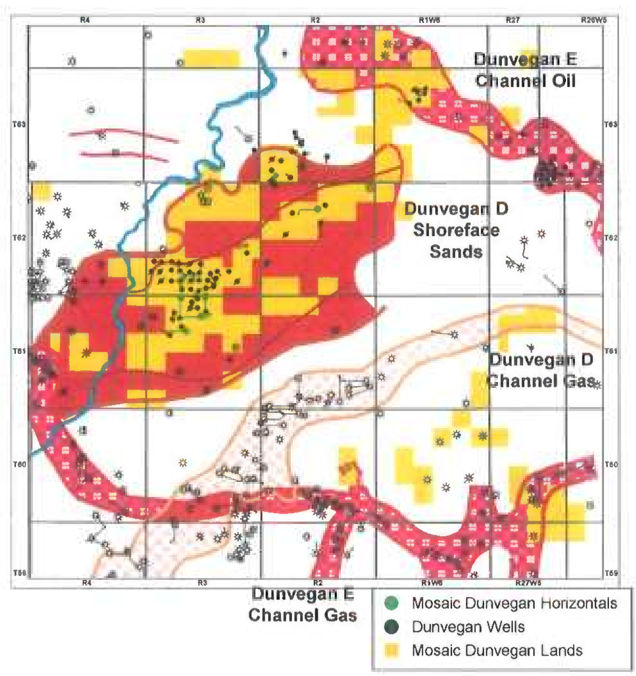




Kakwa – Dunvegan

- **Dunvegan light oil play defined by > 20 area vertical wells and proven by 6 Mosaic horizontals (1 mile laterals)**
- **New royalty regime favorably impacts Dunvegan oil economics**
- **Large remaining inventory of low risk development drilling**



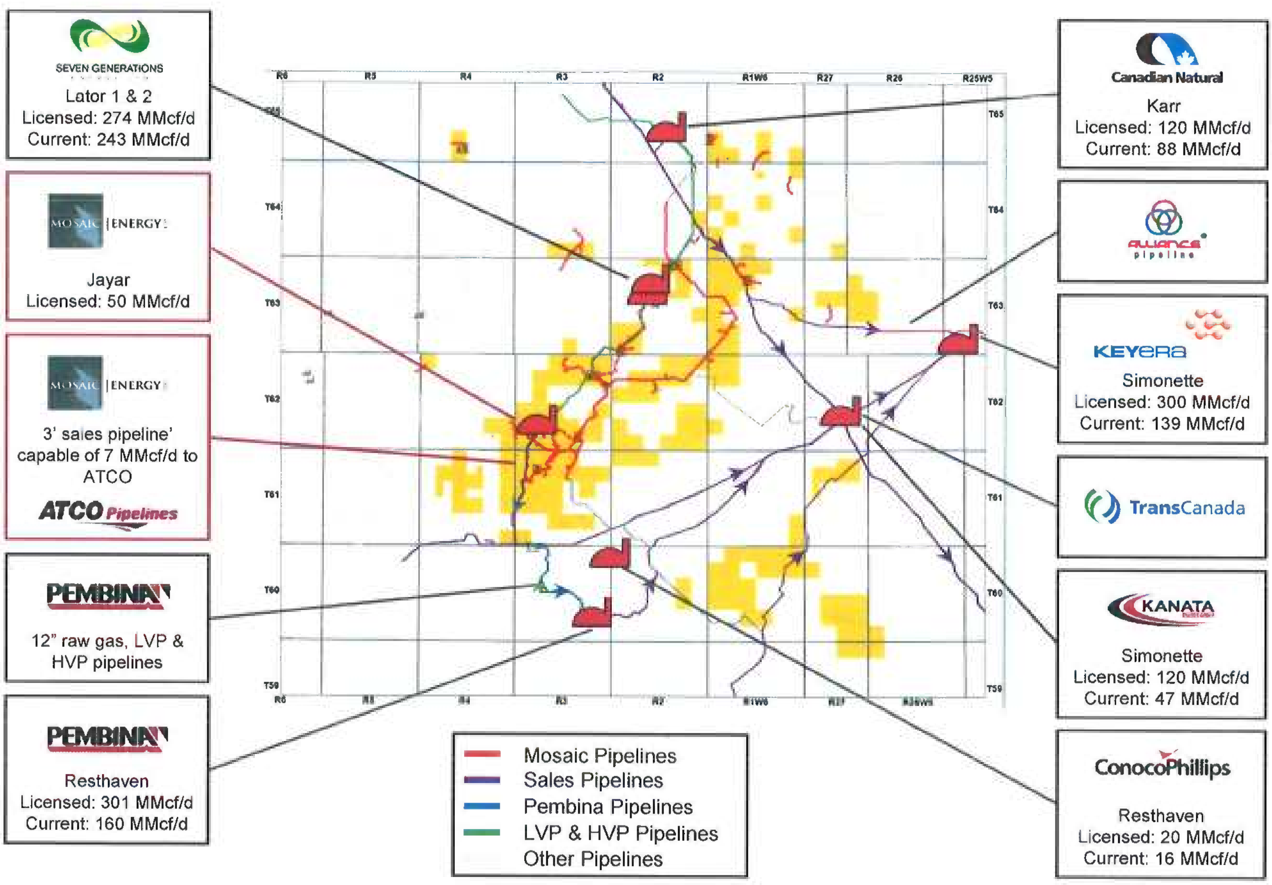


Mosaic Energy – Sale and Investor Solicitation Process

Control of infrastructure with ability to access several natural gas outlets

Kakwa – Infrastructure Solution

- **100% owned and operated 50 MMcf/d strategic natural gas facility at 06-08-062-03W6**
  - Condensate production is LACT connected to the Pembina pipeline system
  - Amine unit for removal of trace sour gas content
  - 100% owned and operated water disposal at 6-8 plant site
  - Existing plant site allows for facility expansion and production growth
- **Transportation agreements**
  - Firm service in place for 50 MMcf/d on TCPL and increasing in April 2018 to 100 MMcf/d
- **Several egress options available in the greater Kakwa region**
  - A number of access points into the TCPL gas gathering system provides takeaway optionality including via an existing Pembina pipeline & gas processing plant and take-or-pay servicing contract
  - 21 mile (34 km) pipeline right-of-way has been surveyed and acquired to connect gas to the Alliance system as an alternative to TCPL; 12" pipe procured
  - Ability to flow gas to near-by existing third party gas plants with minimal capital expenditures

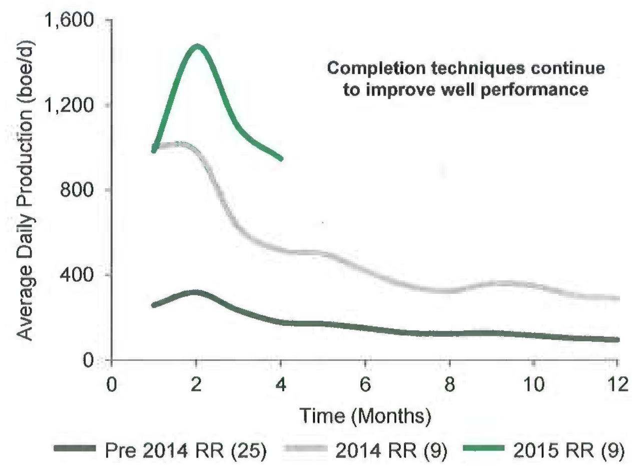


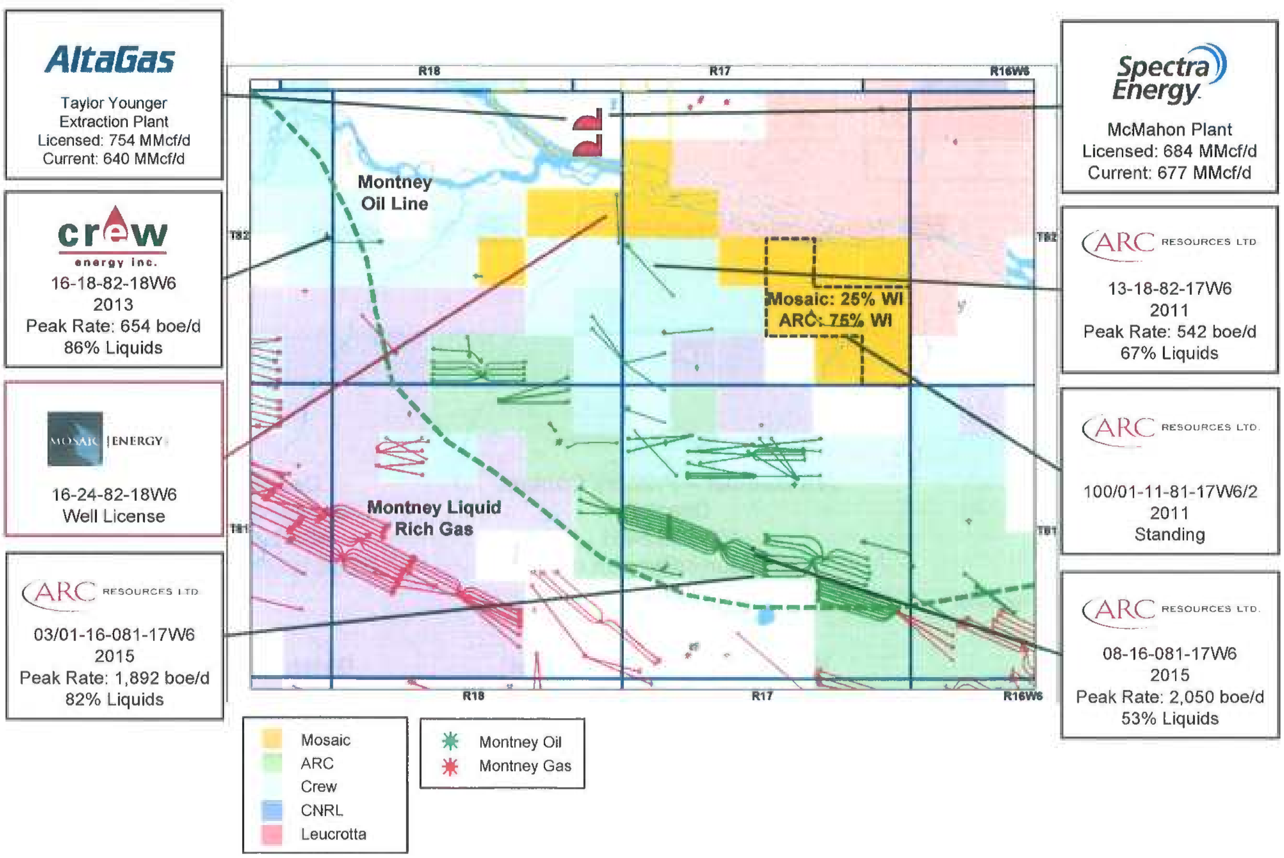
Impressive offset results from the emerging NE BC Montney oil window at Tower

Tower Asset Overview

- **High working interest position directly offsetting recent industry drilling results**
  - 7,200 net / 9,700 gross Montney acres (75 % WI)
  - Active operators include ARC, Crew and Leucrotta
- **Recent well performance data indicates optimization of completion techniques**
  - ARC's 2015 program included 9 wells and demonstrated an average peak rate of 1,475 boe/d
  - The 2015 program represented a 46% increase above the 2014 peak rate and 365% increase above the 2013 and older wells

Offsetting ARC Tower Montney





Note: Peak rate represents maximum average daily production rate sourced from public or internal data

Process Information and Timeline

- **Process:** Mosaic is soliciting proposals for the sale of its Assets as described within this document and the Virtual Data Room ("VDR").
- **Confidentiality Agreement:** to receive a confidentiality agreement ("CA") feel free to contact any RBC representative listed below.
- **Confidential Information:** access to confidential information will require execution of a CA. Potential bidders will receive access to the virtual data room ("VDR") containing technical and financial information.
- **Management Presentations:** Management presentations will be conducted by Mosaic personnel in Calgary
- **Inquiries:** All inquiries and requests shall be submitted or directed to the RBC individuals listed. Mosaic, EY, their subsidiaries, affiliates and employees are not to be contacted directly. Please direct all questions to the RBC representatives listed below.

July 2016

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

August 2016

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

September 2016

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

Open VDR   Management Presentation   Bid Deadlines   Holidays

Contacts

RBC Capital Markets®

Jeff Meunier – Primary Contact
Director
403.299.8461
jeff.meunier@rbccm.com

Darrell Law
Managing Director
403.299.6984
darrell.law@rbccm.com

Victor Vun – Primary Contact
Vice President
403.299.8455
victor.vun@rbccm.com

Girish Chhatwani
Associate
403.299.6928
girish.chhatwani@rbccm.com

APPENDIX B

Process Summary & Timeline

Process Summary

- **E&Y and RBC have jointly executed a fulsome process since the formal kick-off of the project in May:**
  - April 26: E&Y appointed as Receiver and Manager of Mosaic
  - May 13: RBC engaged as the exclusive marketing agent
  - May 25: Project kick-off meeting
  - May 26: Technical & data gathering discussion
  - June 21: Court approval of SISP and timeline
  - June 22: Officially launched the SISP
  - July 5: Launched VDR
  - July 21: Began technical presentations
  - August 24: Phase I bid date
  - September 14/15: Court approval of Phase I b and bid date
  - November 8: Phase II bid date
- **Opportunity was broadly marketed to ~1,700 potential counterparties and posted in the Daily Oil Bulletin / Newswire:**
  - Process ultimately resulted in 78 CAs being executed from a diverse group of counterparties with the completion of 34 technical presentations
- **In Phase I, RBC received 40 proposals from 32 counterparties**
  - RBC notified 10 counterparties that they would not proceed to Phase I b
- **In Phase I b, RBC received 27 proposals from 20 counterparties**
  - RBC notified 6 counterparties that they would not proceed to Phase II
- **In Phase II, RBC received 15 proposals from 9 counterparties, which included corporate and asset specific proposals, summarized as:**
  - 4 corporate proposals
  - 11 asset proposals (4 Kakwa; 4 West Central; 2 Tower; 1 Other)
  - 5 eligible Phase II bidders did not submit a proposal

Process Timeline

May 2016

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

June 2016

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

July 2016

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

August 2016

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

September 2016

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

October 2016

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

November 2016

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

- Market Holidays
- RBC Engaged as Selling Agent
- Project Kick-off Meeting
- Court Approval of SISP
- Official Launch of SISP
- VDR Open
- Management Presentations
- Phase I Bid Date
- Court Approval of SISP's Phase I b
- Phase I b Bid Date
- Phase II Bid Date

In Phase II, RBC received 15 proposals from 9 counterparties

Counterparty Contact and Participation Summary

	Business Sale or Substantially All Assets	Kakwa	West Central	Tower	Other
Phase II Proposals	4	4	4	2	1
Phase I b Proposals	10	8	4	1	1
Phase I Proposals	13	8	9	4	3

	Private Companies	Public Companies	Financial Sponsors	Foreign Companies
Executed CAs	36	21	3	14

Contacted	~1,700 unique counterparties

Opportunity was broadly marketed to ~1,700 potential counterparties and posted in the Daily Oil Bulletin / Newswire

Due Diligence | Field Visits

M	T	W	T	F
September 2016				
26	27	28	29	30
			Counterparty	Counterparty
October 2016				
3	4	5	6	7
	Counterparty	Counterparty	Counterparty	
10	11	12	13	14
Thanksgiving	Counterparty	Counterparty	Counterparty	Counterparty
17	18	19	20	21
Counterparty		Counterparty	Counterparty	
24	25	26	27	28
	Counterparty	Counterparty Counterparty	Counterparty Counterparty	
November 2016				
	1	2	3	4
		Counterparty		
7	8	9	10	11
				Remembrance Day

Kakwa
West Central
Niton

Due Diligence | Mineral Title & Other

M	T	W	T	F
September 2016				
	27 Counterparty	28 Counterparty Counterparty Counterparty	29 Counterparty Counterparty Counterparty Counterparty	30 Counterparty Counterparty Counterparty
October 2016				
3 Counterparty Counterparty Counterparty Counterparty Counterparty	4 Counterparty Counterparty Counterparty Counterparty	5 Counterparty Counterparty Counterparty Counterparty	6 Counterparty Counterparty Counterparty Counterparty	7 Counterparty Counterparty Counterparty
10 Thanksgiving	11 Counterparty Counterparty	12 Counterparty Counterparty Counterparty Counterparty	13 Counterparty Counterparty Bonavista Counterparty Counterparty Counterparty	14 Counterparty Counterparty Counterparty Counterparty
17 Counterparty Counterparty Counterparty Counterparty	18 Counterparty Counterparty	19 Counterparty Counterparty Counterparty Counterparty Bonavista	20 Counterparty / Counterparty Counterparty Counterparty Counterparty Counterparty Counterparty	21 Counterparty Counterparty Counterparty Counterparty
24 Counterparty Counterparty Counterparty Counterparty	25 Counterparty Counterparty Counterparty	26 Counterparty Counterparty	27 Counterparty Counterparty Counterparty Counterparty	28 Counterparty Counterparty
November 2016				
31 Counterparty	1 Counterparty Counterparty Counterparty Counterparty Counterparty Counterparty	2 Counterparty	3 Counterparty	4 Counterparty Counterparty
7 Counterparty Counterparty	8	9	10	11 Remembrance Day

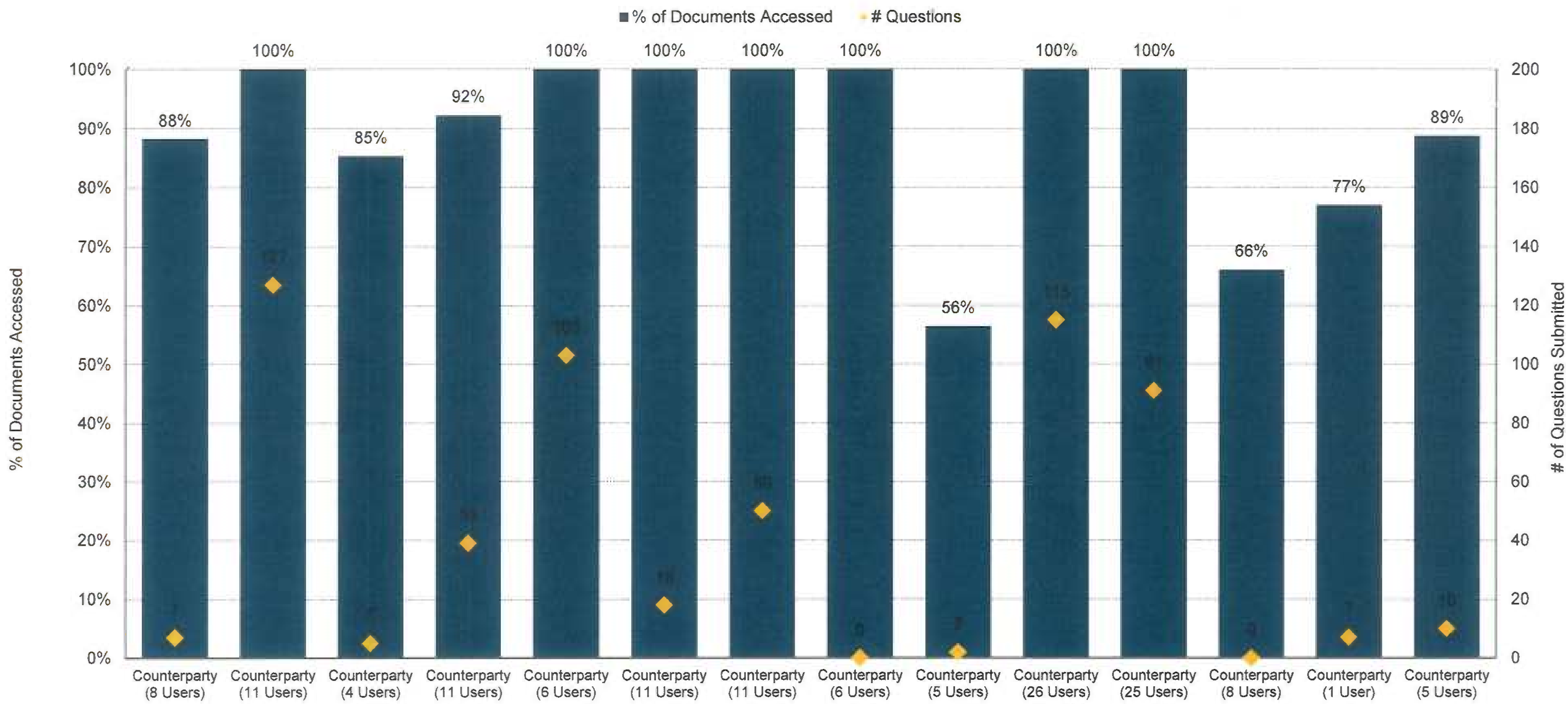
Mineral – Kakwa
Mineral – West Central
Mineral – Tower

Pembina
Surface
Follow-up Discussion

Well File Review
Additional Physical File DD
Seismic

VDR Activity and Q&A Summary

Phase II Participants



399 VDR Documents | 79 Counterparties | 519 VDR Users | 784 Questions

APPENDIX C

PURCHASE AND SALE AGREEMENT

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

BETWEEN:

ERNST & YOUNG INC., solely in its capacity as the receiver of **MOSAIC ENERGY LTD.**, and not in its personal or corporate capacity (hereinafter referred to as "**Vendor**")

\- and -

1040231 Alberta Ltd., a corporation incorporated under the laws of Alberta (hereinafter referred to as "**Purchaser**")

WHEREAS pursuant to an order of the Honourable Mr. Justice P.R. Jeffrey of the Alberta Court of Queen's Bench (the "**Court**") dated April 26, 2016 (the "**Appointment Order**"), Ernst & Young Inc. ("**Receiver**") was appointed receiver of Mosaic Energy Ltd. ("**Mosaic**");

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; and

(ii) restore, remediate and reclaim the surface and subsurface locations of the Wells and the Tangibles 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 Effective Time 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) "**Assets**" means the Petroleum and Natural Gas Rights, the Tangibles, and the Miscellaneous Interests;

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

(f) "**Court Order**" means an order to be granted by the Court, based on the Alberta form of Approval and Vesting Order as attached in 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 beneficial title to the Assets in Purchaser free and clear of all encumbrances, liens, security interests or claims, other than Permitted Encumbrances;

(g) "**Commissioner**" means the Commissioner of Competition appointed pursuant to subsection 7(1) of the *Competition Act* or his designee;

(h) "**Competition Act**" means the *Competition Act*, R.S.C. 1985, c.C-34, as amended;

(i) "**Competition Act Approval**" means the occurrence of one or more of the following:

   (i) an advance ruling certificate pursuant to section 102 of the Competition Act shall have been issued by the Commissioner in respect of the transactions contemplated by this Agreement;

   (ii) the Commissioner shall have waived the obligation to notify and supply information under Part IX of the Competition Act pursuant to subsection 113(c) of the Competition Act and confirmed, in writing, that he does not, at that time, intend to make an application under section 92 of the Competition Act; or

   (iii) the Parties shall have notified the Commissioner under section 114 of the Competition Act and the relevant waiting period under section 123 of the Competition Act shall have expired or been terminated;

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

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

   (i) January 16, 2017; or

(ii) the third (3rd) Business Day following the date upon which the Competition Act Approval has been received;

unless otherwise agreed upon in writing by the Parties;

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

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

(n) "**Date of Appointment**" means April 26, 2016;

(o) "**Effective Date**" means January 1, 2017;

(p) "**Environmental Liabilities**" means all liabilities in respect of the environment which relate to 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 and, for purposes of this Agreement, "the environment" includes, without limitation, the air, the surface and subsurface of the earth, bodies of water (including, without limitation, rivers, streams, lakes and aquifers) and plant and animal life (including humans);

(q) "**Escrow Agreement**" means the escrow agreement to be entered into in relation to the Deposit among Vendor, Purchaser and Mosaic as of the date hereof;

(r) "**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";

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

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

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

(v) "**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);

(w) "**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);

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

(y) "**Losses**" means all losses, costs, claims, damages, expenses and liabilities 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;

(z) "**Material Contracts**" means those contracts identified in the Procedures for the Sale and Investment Solicitation Process attached as Appendix "B" to the First Report of the Receiver dated June 17, 2016;

(aa) "**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, or either of them including any of the foregoing that pertain to proprietary seismic, geological or geophysical matters; and

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

Unless otherwise agreed in writing by the Parties, the Miscellaneous Interests shall not include agreements, documents or data to the extent that: (i) they pertain to Mosaic's proprietary technology; (ii) they are owned or licensed by Third Parties with restrictions on their deliverability or disclosure by Mosaic to an assignee, or (iii) they comprise the Vendor's and Mosaic's tax and financial records, and economic evaluations;

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

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

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

(ii) any Right of First Refusal 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, right 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) that are not yet due or are not in arrears, unless specifically excluded;

(vii) 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;

(viii) 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);

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

(x) 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;

(xi) 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 Mosaic's 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;

(xii) 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;

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

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

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

(xvi) 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.

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

(ee) "**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";

(ff) "**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;

(gg) "**Prime Rate**" means the rate of interest, expressed as a rate per annum, designated by the main branch in Calgary of the Royal Bank of Canada 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;

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

(ii) "**Rights of First Refusal**" means a preferential, pre-emptive or first purchase right that becomes operative by virtue of this Agreement or the Transaction;

(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) "**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, and any real property (other than the Lands);

(mm) "**Third Party**" means any individual or entity other than Receiver, Mosaic, 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;

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

(oo) **"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; including, without limitation, those, if any, set out and described in Schedule "A";

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

(qq) **"Vendor's Knowledge"** means the actual knowledge of Peter Chisholm of Ernst and Young Inc. and does not include the knowledge, information or belief of any other Person or constructive or imputed knowledge; and

(rr) **"Wells"** means Vendor's entire interest in and to all producing, shut-in, suspended, abandoned, capped, injection and disposal wells on the Lands 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.

1.5 Schedules

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

Schedule "A"	-	Lands and Petroleum and Natural Gas Rights
Schedule "B"	-	Wells and Facilities
Schedule "C"	-	Rights of First Refusal
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 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] plus or minus (as applicable) the net amount of the adjustments made pursuant to Article 7 (the "**Purchase Price**") plus applicable GST and/or Sales Taxes, satisfied by Purchaser as follows:

(a) payment of the Deposit (as set forth and defined in section 2.9); and

(b) cash in the amount of [redacted], as adjusted herein, payable to Vendor at Closing.

2.3 Allocation of Purchase Price

The Parties shall allocate the Purchase Price as follows:

Petroleum and Natural Gas Rights	[redacted]
Tangibles	
Miscellaneous Interests	
Total	

2.4 Assumption of Abandonment and Reclamation Obligations

In determining the Purchase Price, the Parties have taken into account the Purchaser's assumption of responsibility for the payment of all costs for existing or future Abandonment and Reclamation Obligations associated with the Assets, as set forth in this Agreement, and the absolute release of Mosaic 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 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; and

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

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

(v) a certified copy of the Court Order.

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

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

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

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

(iv) the Officer's Certificate substantially in the form attached as Schedule "E", duly executed by 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 prepare and provide for Purchaser's review all Specific Conveyances at Purchaser'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, has been provided by Purchaser to Norton Rose Fulbright Canada LLP (as escrow agent) concurrent with the execution of this Agreement, to be held in trust in an interest-bearing trust account and released only in accordance with the provisions of the Escrow Agreement (the **Deposit**), which shall include any interest thereon.

The Deposit shall be held in trust by counsel to the Receiver until one of the following events occur:

(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 a breach of this Agreement by Purchaser or by failure of Purchaser to fulfill the conditions set forth in section 3.4, the Deposit shall be forfeited to Vendor for the account of Vendor absolutely; and

(c) if Closing does not occur due to any other reason than as addressed by section 2.9(b), the Deposit shall be paid to Purchaser for the account of Purchaser absolutely.

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 due to a default provided for in section 2.9(b) and that Vendor's retention thereof shall constitute liquidated damages to, and be the sole remedy of, Vendor as a result of Closing not occurring.

2.11 Taxes

(a) Joint Election

Vendor (as agent for Mosaic) and Purchaser will jointly elect under paragraph 66.7(7)(e) of the *Income Tax Act* (Canada), in the prescribed form and within the time limits prescribed by the *Income Tax Act* (Canada), in respect of the transfer of the Assets pursuant to this Agreement, and Vendor (as agent for Mosaic) shall and shall cause Mosaic to make such appropriate designations for the purposes of subsection 66.7(12.1) that will result in the specified amounts in respect of the transfer to be nil.

Each of the Parties acknowledges and agrees that, in contemplation of the transfer under this Agreement, it shall (and Vendor shall cause Mosaic to) cooperate with the other Party in structuring, planning and implementing the transfer in a manner (including in relation to any other transfers or dispositions undertaken by Vendor as agent for Mosaic) that would entitle Purchaser to make the joint election with Mosaic under paragraph 66.7(7)(e) in respect of the transfer of the Assets to Purchaser and in the manner set out above.

(b) GST

Each of Purchaser and Mosaic 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:

Mosaic	**85272-4947-RT-0002**
Purchaser	**[•]**

Vendor, as agent for Mosaic, and Purchaser 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 file, such election 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.

(c) 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 reimburse Vendor the full amount of such Sales Taxes upon delivery to Purchaser of copies of receipts showing payment 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.

(d) Additional Elections

The Parties agree to make (and Vendor agrees to cause Mosaic to make) such other elections (including, without limitation, with respect to GST or Sales Tax) as prudent and available to minimize taxes 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.

ARTICLE 3
CONDITIONS OF CLOSING

3.1 Required Consents

Both before and after Closing, each of the Parties shall use all reasonable efforts to obtain any and all approvals required under Applicable Law and any and all material consents of Third Parties required to permit the Transaction. The Parties acknowledge that with the exception of the Competition Act Approval, 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.

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) Vendor obtaining the Court Order; 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 or satisfied on or before February 15, 2017, 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) 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;

(c) there shall have occurred no material adverse change in the Assets between the Effective Date and the Closing Date; and

(d) the Competition Act Approval shall have been obtained.

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 terminate this Agreement by written notice to Vendor. If Purchaser terminates this Agreement, Vendor and Purchaser shall be released and discharged from all obligations hereunder except as provided in sections 2.9 and 12.13.

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;

(c) all amounts to be paid by Purchaser to Vendor at Closing, including, without limitation, the Purchase Price, shall have been paid to Vendor in the form stipulated in this Agreement; and

(d) the Competition Act Approval shall have been obtained.

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 terminate this Agreement by written notice to Purchaser. If Vendor terminates this Agreement, Vendor and Purchaser shall be released and discharged from all obligations hereunder except as provided in sections 2.9 and 12.13.

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

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

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

(c) the Material Contracts are in the form and substance as presented in the virtual data room, with the exclusion of:

(i) the Gas EDI and Physical Gas Transaction Confirmation 2240747 with Suncor Energy Marketing Inc.; and

(ii) Gas EDI and Producer Services Transaction Confirmation (FT-R), various West Central locations and volumes with BP Canada Energy Group ULC; and

(d) to Vendor's Knowledge, without making any inquiries, there is no outstanding authorization for expenditure or other financial commitment which is in excess of One Million Dollars ($1,000,000) respecting the Assets.

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, subject to obtaining the Competition Act Approval;

(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) except for the Competition Act Approval, 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 not a non-resident of Canada within the *Income Tax Act* (Canada); and

(j) 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 the 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 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 Vendor's Indemnities for Representations and Warranties

Vendor shall be liable to Purchaser for and shall, in addition, indemnify Purchaser from and against, all Losses suffered, sustained, paid or incurred by Purchaser which would not have been suffered, sustained, paid or incurred had all of the representations and warranties contained in section 4.1 been accurate and truthful; provided, that nothing in this section 5.1 shall be construed so as to cause Vendor to be liable to or indemnify Purchaser in connection with any representation or warranty contained in section 4.1 if and to the extent that Purchaser did not rely upon such representation or warranty.

5.2 Purchaser's Indemnities for Representations and Warranties

Purchaser shall be liable to Vendor for and shall, in addition, indemnify Vendor from and against, all Losses suffered, sustained, paid or incurred by Vendor 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 5.2 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.

5.3 Survival of Representations and Warranties

Each Party acknowledges that the other may rely on the representations and warranties made by such Party pursuant to section 4.1 or 4.2, as the case may be. The representations and warranties in sections 4.1 and 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 twelve (12) months, or when Receiver is discharged by the Court, whichever is earlier, for the benefit of the Party to which such representations and warranties were made. 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 the Party which made such representation or warranty.

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, 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 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 may suffer, sustain, pay or incur; and

(b) indemnify, release and save harmless Vendor 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 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 all Wells and Facilities.

6.3 Third Party Claims

The following procedures shall be applicable to any claim by a Party (the "**Indemnitee**") for indemnification pursuant to this Agreement from another Party (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 ten (10) 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 ten (10) 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;

(c) 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;

(d) 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 or delayed), unless the Indemnitee waives its rights to indemnification in respect of 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, the Indemnitee shall promptly pay the amount of the reimbursement (including interest actually received) 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 paragraph 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 Date 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 Mosaic 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 Mosaic 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 Mosaic's or Vendor's income taxes;

(v) revenues from the sale of Petroleum Substances will be deemed to accrue when the Petroleum Substances are produced;

(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 the Vendor and Purchaser on a per diem basis as of the Closing Date; and

(vii) any and all unpaid rentals and royalties which accrue to the Assets and are not a corporate debt (including without limitation, unpaid surface lease rentals, mineral lease rentals, Crown royalties and municipal taxes for surface sites) which are identified by Purchaser prior to the preparation of the interim accounting statement shall be credited to Purchaser.

(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 Date of Appointment and which will not constitute a liability to Purchaser.

(c) Petroleum Substances which were produced, but not sold, as of the Closing Date shall be retained by Vendor and Vendor shall be responsible for all royalties or other encumbrances thereon and all processing, treating and transportation expenses pertaining thereto. Petroleum Substances will be deemed to be sold on a first in, first out basis.

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 and Purchaser'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. A final accounting of the adjustments pursuant to section 7.1 shall be conducted within thirty (30) days following the Closing Date (the "**Final Statement of Adjustments**"), 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.

(b) All adjustments provided for in this Article shall be adjustments to the Purchase Price allocated to 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 three percent (3%) 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, to the extent that the nature of its interest permits, and subject to the 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.

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 by Purchaser and which, if provided, shall be provided in a timely manner:

(a) make any commitment or propose, initiate or authorize any capital expenditure with respect to the Assets of which Vendor's share is in excess of $25,000.00, except in case of an emergency or 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) amend or terminate any Title Document or enter into any new 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 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 twenty four (24) 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 5.3.

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 to Purchaser all revenues, proceeds and other benefits received by Vendor with respect to the Assets, provided that Vendor shall not 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, 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:

(i) make a deposit or furnish any other form of security; or

(ii) undertake any corrective action or remedial work including, without limitation, inspections, tests or engineering assessments,

to approve a Licence Transfer, Purchaser shall make such deposit, furnish such other form of security or undertake such corrective or remedial work, as may be required at Purchaser's sole expense.

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.

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
RIGHTS OF FIRST REFUSAL

9.1 Rights of First Refusal

(a) Within three (3) Business Days from the date hereof, Purchaser, acting reasonably and in good faith, shall provide Vendor with its allocated values for the Assets which are subject to Rights of First Refusal as identified in Schedule "C". Promptly after such allocations are provided to Vendor, it shall send notices to the Persons (including Purchaser, if applicable) holding such Rights of First Refusal in accordance with the terms of the Title Documents creating them, using such values provided by Purchaser. Purchaser shall be liable for and indemnify and save Vendor harmless from and against all Losses which

Vendor may suffer, sustain, pay or incur as a result of utilizing any value allocations supplied by Purchaser.

(b) If any Third Party elects to exercise any Rights of First Refusal, the portion of the Assets subject to such Rights of First Refusal (the "Affected Asset") shall not be sold pursuant hereto, and the definitions of "Assets", "Lands", "Leases", "Miscellaneous Interests", "Petroleum and Natural Gas Rights", "Facilities", "Tangibles" and "Wells" shall not include the Affected Asset. The Purchase Price and any applicable GST and/or Sales Taxes shall be reduced accordingly.

ARTICLE 10
COMPETITION ACT APPROVAL

10.1 Competition Act Approval

(a) As soon as practicable, and in any event no later than three (3) Business Days from the date of this Agreement, Purchaser shall file with the Commissioner a submission in support of a request for an advance ruling certificate under section 102 of the Competition Act or, in the event that the Commissioner will not issue an advance ruling certificate, a waiver of the obligation to notify and supply information under Part IX of the Competition Act pursuant to subsection 113(c) of the Competition Act and confirmation that the Commissioner does not, at that time, intend to make an application under section 92 of the Competition Act. Purchaser shall pay the applicable filing fee in respect of the Competition Act Approval. Purchaser and Vendor will co-operate with each other and use their commercially reasonable efforts to take such action as may be required, to secure the Competition Act Approval.

(b) Purchaser and Vendor will co-operate with each other and use their commercially reasonable efforts to take such action as may be required, to secure the Competition Act Approval.

(c) Each Party will:

(i) keep the other Party promptly informed of the status of discussions relating to obtaining the Competition Act Approval and promptly inform the other Party of any communication received by that Party from the Commissioner or representatives of the Competition Bureau in connection with obtaining the Competition Act Approval;

(ii) use commercially reasonable efforts to respond promptly to any request or notice from any Government Authority requiring the Parties, or any one of them, to supply additional information in respect of obtaining the Competition Act Approval;

(iii) permit the other Party to review in advance any proposed applications, notices, filings, submissions, correspondence and communications of any nature (including responses to requests for information and inquiries from any Government Authority) in respect of obtaining the Competition Act Approval, and will provide the other Party a reasonable opportunity to comment thereon and will consider those comments in good faith;

(iv) promptly provide the other Party with any applications, notices, filings, submissions, correspondence and communications of any nature (including responses to requests for information and inquiries from any Government Authority) that were submitted to a Government Authority in respect of obtaining the Competition Act Approval; and

(v) not participate in any substantive meeting or discussion (whether in person, by telephone or otherwise) with the Commissioner or any of his representatives in respect of obtaining or concluding the Competition Act Approval unless it consults with the other Party in advance and gives the other Party the opportunity to attend and participate thereat unless the Commissioner or his representative requests otherwise.

(d) Notwithstanding any requirement in this Section 10.1 in connection with obtaining the Competition Act Approval, submissions, filings or other written communications with any Government Authority containing information which a Party, acting reasonably, considers to be confidential or sensitive may be redacted as necessary before sharing with the other Party, provided that the disclosing Party must provide external legal counsel to the other Party non-redacted versions of drafts and final submissions, filings or other written communications with any Government Authority on the basis that the redacted information will not be shared with its client.

ARTICLE 11
PURCHASER'S REVIEW AND ACCESS TO BOOKS AND RECORDS

11.1 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) for the purpose of Purchaser's review of the Assets and title thereto.

11.2 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 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) Mosaic's 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 Mosaic or Vendor.

11.3 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 12
GENERAL

12.1 Further Assurances

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

12.2 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.

12.3 Receiver

Purchaser acknowledges that Receiver is acting solely in its capacity as the Court-appointed receiver and manager of Mosaic, 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.

12.4 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. This Agreement supersedes all other agreements (other than the Confidentiality Agreement executed between Vendor and Purchaser with respect to Vendor providing Purchaser access to the Data Room Information), 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.

12.5 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.

12.6 Signs and Notifications

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

12.7 Assignment and Enurement

Other than an assignment by Purchaser to an entity that represents the funding participants of the Purchaser, this Agreement may not be assigned by either Party without the prior written consent of the other Party. This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective administrators, trustees, receivers, successors and permitted assigns.

12.8 Time of Essence

Time shall be of the essence in this Agreement.

12.9 Notices

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

Vendor - **Ernst & Young Inc.**
220 215 2 Ave SW
Calgary, AB
T2P 1M4

Attention: Peter Chisholm
E-mail: peter.chisholm@ca.ey.com
Fax: **(403) 206-5075**

Purchaser - **1040231 Alberta Ltd.**
27 Sterling Springs Crescent
Calgary, T3Z 3J6

Attention: Steve Fagan
E mail: sfagan1959@gmail.com

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 (4^{th}) Business Day following the date of mailing.

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

12.10 Invalidity of Provisions

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

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

12.12 Amendment

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

12.13 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 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; or (ii) in connection with obtaining the Court Order; or (iii) as required to Mosaic's secured creditors.

12.14 Counterpart Execution

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

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

ERNST & YOUNG INC., solely in its capacity as the receiver of **MOSAIC ENERGY LTD.**, and not in its personal or corporate capacity

Per:
Name: Peter Chisholm
Title: Vice President

Per:
Name
Title:

1040231 ALBERTA LTD.

Per:
Name STEVE FAGAN
Title: President and CEO

Per:
Name.
Title:

APPENDIX D

AMENDING AGREEMENT

THIS AMENDING AGREEMENT is made the 1st day of December, 2016.

AMONG:

> **ERNST & YOUNG INC.**, solely in its capacity as the receiver of **MOSAIC ENERGY LTD.**, and not in its personal or corporate capacity (hereinafter referred to as "**Vendor**")
>
> \- and –
>
> **STRATH RESOURCES LTD.,** a corporation incorporated under the laws of Alberta (hereinafter referred to as "**Purchaser**" and collectively with Vendor, the "**Parties**" and each individually, a "**Party**")

WHEREAS:

A. Vendor and 1040231 Alberta Ltd. entered into a Purchase and Sale Agreement dated November 25, 2016 (the "**Sale Agreement**") pursuant to which Vendor agreed to sell the Assets to 1040231 Alberta Ltd. pursuant to the terms and conditions set out in the Sale Agreement.

B. Pursuant to an Assignment Agreement dated the 1st day of December, 2016, 1040231 Alberta Ltd., as assignor, assigned all of its interests and obligations under the Sale Agreement to Purchaser, as assignee.

C. Seller and Purchaser desire to amend the Sale Agreement on the terms and conditions herein contained.

NOW THEREFORE, in consideration of the recitals and the mutual covenants and agreements set forth in this Amending Agreement and for such other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

1. **Definitions**. Unless otherwise specified herein or the context otherwise requires, capitalized terms utilized herein, including the recitals hereof, will have the meanings given to them in the Sale Agreement.

2. **Amendments to the Sale Agreement**. Effective as and from the time the Sale Agreement was originally executed by the Parties, the Parties hereby agree to the following amendments:

    (i) With respect to Section 1.1 (aa), the first line of the definition of "Miscellaneous Interests" shall be amended as follows: "means **<u>the Material Contracts and</u>**, subject to any and all limitations and exclusions...".

    (ii) With respect to Section 3.4 "Vendor's Conditions", a new subsection (e) shall be included, which shall read as follows:

        (e) Purchaser shall have completed all steps required and in its control in order to obtain a Business Associate Code from the Alberta Energy Regulator (the "**AER**") and shall have completed all steps required and in its control in order to accept any AER Licence Transfers, subject only to the submission and processing of any such Licence Transfers.

    (iii) With respect to Section 10.1(a) the reference to "three (3)" in the first sentence shall be deleted in its entirety and replaced with "five (5)".

(iv) With respect to Section 12.9 "Notices", the contact information for the Purchaser is hereby deleted in its entirety and replaced with:

Strath Resources Ltd.
Attn: Steve Fagan
c/o Blake, Cassels & Graydon LLP
Attn: Mike Laffin
Suite 3500, Bankers Hall East Tower
855- 2nd St. SW
Calgary, AB
T2P 4J8
Email: sfagan1959@gmail.com

3. **Headings**. The headings used in this Amending Agreement are inserted for convenience of reference only and shall not affect the construction or interpretation of this Amending Agreement.

4. **Severability**. If any term or other provision of this Amending Agreement is invalid, illegal or incapable of being enforced under any applicable law, such provision shall be ineffective only to the extent of such invalidity, illegality or unenforceability and all other conditions and provisions of this Amending Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby, taken as a whole, is not affected thereby in a materially adverse manner with respect to either party hereto.

5. **Amendment or Waiver**. This Amending Agreement may be amended, modified, supplemented, restated or discharged (and the provisions hereof may be waived) only by one or more instruments in writing signed by the Party against whom enforcement of the amendment, modification, supplement, restatement, discharge or waiver is sought.

6. **Further Assurances**. The Parties shall take such further reasonable actions and shall execute, acknowledge and deliver all such further documents that are reasonably necessary or appropriate to consummate the transactions contemplated hereby.

7. **Governing Law**. This Amending Agreement shall in all respect be subject to and be interpreted, construed and enforced in accordance with the laws in effect in the Province of Alberta and the federal laws of Canada applicable therein.

8. **Amendments and Supplements**. Any reference herein to this Amending Agreement shall be deemed to include reference to the same as it may be amended, modified and supplemented from time to time.

9. **Enurement**. This Amending Agreement shall be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns.

10. **Continuing Effect**. Each of the Parties acknowledges and agrees that the Sale Agreement, as amended by this Amending Agreement, shall be and continue in full force and effect and is hereby confirmed and the rights and obligations of all Parties thereunder shall not be affected or prejudiced in any manner except as specifically provided for herein.

[*Signature page follows.*]

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

ERNST & YOUNG INC., solely in its capacity as the receiver of **MOSAIC ENERGY LTD.**, and not in its personal or corporate capacity

Per: ______________________
Name: Neil Narfason
Title: S.V.P.

Per: ______________________
Name:
Title:

STRATH RESOURCES LTD.

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

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

ERNST & YOUNG INC., solely in its capacity as the receiver of **MOSAIC ENERGY LTD.**, and not in its personal or corporate capacity

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

STRATH RESOURCES LTD.

Per: ______________________
Name: Stephen John Fagan
Title: President and Chief Executive Officer

Per: ______________________
Name:
Title:

APPENDIX E

ASSIGNMENT AGREEMENT

This Assignment and Amendment Agreement is made as of the 1st day of December, 2016 (this "**Agreement**").

AMONG

ERNST & YOUNG INC., solely in its capacity as the receiver of **MOSAIC ENERGY LTD.**, and not in its personal or corporate capacity (hereinafter referred to as "**Vendor**")

- and -

1040231 ALBERTA LTD., a corporation incorporated under the laws of Alberta (hereinafter referred to as "**Assignor**")

- and –

STRATH RESOURCES LTD., a corporation incorporated under the laws of Alberta (hereinafter referred to as "**Assignee**" and collectively with Vendor and Assignor, the "**Parties**" and each individually, a "**Party**")

WHEREAS pursuant to an order of the Honourable Mr. Justice P.R. Jeffrey of the Alberta Court of Queen's Bench dated April 26, 2016, Ernst & Young Inc. was appointed receiver of Mosaic Energy Ltd.;

AND WHEREAS Vendor, as Vendor, and Assignor, as Purchaser, entered into a Purchase and Sale Agreement dated November 25, 2016 (the "**Sale Agreement**") pursuant to which Vendor agreed to sell the Assets to Assignor pursuant to the terms and conditions set out in the Sale Agreement;

AND WHEREAS in connection with the Sale Agreement, Assignor, Vendor, and Norton Rose Fulbright Canada LLP entered into an Escrow Agreement dated November 7, 2016 (the "**Escrow Agreement**"), pursuant to which a portion of the Purchase Price was placed into escrow;

AND WHEREAS Assignor wishes to assign its interests under both the Sale Agreement and the Escrow Agreement to Assignee, Assignee wishes to accept such assignment and Vendor agrees to such assignment, all pursuant to the terms and conditions of this Agreement.

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

1. **Definitions**. Initially capitalized terms used in this Agreement, including the recitals, and not otherwise defined shall have the meanings set out in the Sale Agreement.

2. **Assignment.** Effective as of the date first above written (the "**Effective Date**"), Assignor hereby assigns, transfer, sets over and conveys to Assignee all of Assignor's right, title and interest in, to and under, and all of Assignor's obligations under both the Sale Agreement and the Escrow Agreement (collectively, the "**Assigned Agreements**"), including all rights, privileges and benefits of Assignor in, to and under the Assigned Agreements, whether arising on, before or after the Effective Date, to be held by Assignee from and after the Effective Date for Assignee's exclusive use and benefit.

3. **Acceptance of Assignment**. Assignee hereby accepts, effective as at the Effective Date, the within assignment and covenants and agrees that from and after the Effective Date, Assignor will be bound by, and it will observe and perform, each and every covenant, agreement, term, duty and obligation of Assignor under the Assigned Agreements as if Assignee had originally been named as a party thereto in the place of Assignor.

4. **Liability**

(a) For the purposes of this Section 4, "**Liability Period**" shall mean the period beginning on the date of execution of the Sale Agreement and ending on the later of:

(i) the Closing Date; and

(ii) the date all of the Assets purchased pursuant to the Sale Agreement have been transferred and conveyed to Assignee, including for certainty, all Licence Transfers.

(b) Notwithstanding Sections 2 and 3 of this Agreement, for the duration of the Liability Period, Assignor and Assignee shall:

(i) be jointly and severally liable and responsible for the performance of both Assignor's and Assignee's obligations under the Assigned Agreements; and

(ii) indemnify, release and save harmless Vendor 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 resulting from, attributable to or connected with the performance of Assignor's or Assignee's obligations under the Assigned Agreements during the Liability Period, or Assignor's or Assignee's failure to perform same during the Liability Period.

(c) After the Liability Period, Assignee shall:

(i) be liable and responsible for the performance of both Assignor's and Assignee's obligations under the Assigned Agreements; and

(ii) indemnify, release and save harmless Vendor 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 resulting from, attributable to or connected with the performance of Assignor's or Assignee's obligations under the Assigned Agreements, or Assignor's or Assignee's failure to perform same.

5. **Vendor's Consent**. Vendor consents to this assignment of the Sale Agreement subject to the terms and conditions set out in this Agreement and provided that the giving of such consent shall not derogate from any rights of Vendor under the Assigned Agreements.

6. **Assignment; Enurement**. Neither this Agreement, the Sale Agreement nor the Escrow Agreement may be assigned by either Assignor or Assignee without the prior written consent of the Vendor, which may be withheld in Vendor's sole discretion. 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.

7. **Counterpart; Delivery**. 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.

8. **Further Assurances.** Each Party shall perform all acts and execute and deliver all documents and give the assurances necessary to give effect to this Agreement.

9. **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.

[*Signature page follows.*]

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

ERNST & YOUNG INC., solely in its capacity as the receiver of **MOSAIC ENERGY LTD.**, and not in its personal or corporate capacity

Per: ______________________
Name: Neil Narfason
Title: SVP

Per: ______________________
Name:
Title:

1040231 ALBERTA LTD.

Per: ______________________
Name: Stephen John Fagan
Title: Vice President

Per: ______________________
Name:
Title:

STRATH RESOURCES LTD.

Per: ______________________
Name: Stephen John Fagan
Title: President and Chief Executive Officer

Per: ______________________
Name:
Title:

APPENDIX F

PURCHASE AND SALE AGREEMENT

THIS AGREEMENT made as of the 1st day of December, 2016.

BETWEEN:

> **ERNST & YOUNG INC.**, solely in its capacity as the receiver of **MOSAIC ENERGY LTD.**, and not in its personal or corporate capacity (hereinafter referred to as "**Vendor**")
>
> \- and -
>
> **PREDATOR OIL LTD.**, a corporation incorporated under the laws of Alberta (hereinafter referred to as "**Purchaser**")

WHEREAS pursuant to an order of the Honourable Mr. Justice P.R. Jeffrey of the Alberta Court of Queen's Bench (the "**Court**") dated April 26, 2016 (the "**Appointment Order**"), Ernst & Young Inc. ("**Receiver**") was appointed receiver of Mosaic Energy Ltd. ("**Mosaic**");

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; and

(ii) restore, remediate and reclaim the surface and subsurface locations of the Wells and the Tangibles 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 Effective Time 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) "**AER**" has the meaning given to it in Section 4.2(k).

(c) "**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;

(d) "**Applicable Law**" means, in relation to any person, property or circumstance, all laws, statutes, rules, regulations, official directives and orders of Governmental Authorities (whether administrative, legislative, executive or otherwise), including judgments, orders and decrees of courts, commissions or bodies exercising similar functions, as amended, and includes the provisions and conditions of any permit, 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;

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

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

(g) "**Court Order**" means an order to be granted by the Court, based on the Alberta form of Approval and Vesting Order as attached in 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 beneficial title to the Assets in Purchaser free and clear of all encumbrances, liens, security interests or claims, other than Permitted Encumbrances;

(h) "**Commissioner**" means the Commissioner of Competition appointed pursuant to subsection 7(1) of the *Competition Act* or his designee;

(i) "**Competition Act**" means the *Competition Act*, R.S.C. 1985, c.C-34, as amended;

(j) "**Competition Act Approval**" means the occurrence of one or more of the following:

(i) an advance ruling certificate pursuant to section 102 of the Competition Act shall have been issued by the Commissioner in respect of the transactions contemplated by this Agreement;

(ii) the Commissioner shall have waived the obligation to notify and supply information under Part IX of the Competition Act pursuant to subsection 113(c) of the Competition Act and confirmed, in writing, that he does not, at that time, intend to make an application under section 92 of the Competition Act; or

(iii) the Parties shall have notified the Commissioner under section 114 of the Competition Act and the relevant waiting period under section 123 of the Competition Act shall have expired or been terminated;

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

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

(i) the tenth (10^{th}) Business Day following the date upon which all Rights of First Refusal issued under this Agreement have expired or have been waived or exercised by the holders thereof; or

(ii) the third (3^{rd}) Business Day following the date upon which the Competition Act Approval has been received; or

(iii) the third (3^{rd}) Business Day following the date upon which Vendor obtains the Court Order;

unless otherwise agreed upon in writing by the Parties;

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

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

(o) "**Date of Appointment**" means April 26, 2016;

(p) "**Effective Date**" means November 1, 2016;

(q) "**Environmental Liabilities**" means all liabilities in respect of the environment which relate to 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 and, for purposes of this Agreement, "the environment" includes, without limitation, the air, the surface and subsurface of the earth, bodies of water (including, without limitation, rivers, streams, lakes and aquifers) and plant and animal life (including humans);

(r) "**Escrow Agreement**" means the escrow agreement to be entered into in relation to the Deposit among Vendor, Purchaser and Mosaic as of the date hereof;

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

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

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

(w) "**Included Seismic Data**" means all of Mosaic's seismic data in respect of the seismic lines in the West Central Area, excluding data which cannot be transferred to Purchaser unless one or both of the following occurs:

(i) the consent of a Third Party is obtained; or

(ii) a transfer fee is paid;

including that seismic data listed in Schedule "I".

(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) "**LMR**" has the meaning given to it in Section 4.2(k).

(bb) "**Losses**" means all losses, costs, claims, damages, expenses and liabilities 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) "**Marketing Agreements**" means the marketing agreements set forth in Schedule "G";

(dd) "**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 and the Marketing Agreements);

(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, or either of them including any of the foregoing that pertain to proprietary seismic, geological or geophysical matters;

(v) the Included Seismic Data; and

(vi) the Wells, including the wellbores and any and all casing;

Unless otherwise agreed in writing by the Parties, the Miscellaneous Interests shall not include agreements, documents or data to the extent that: (i) they pertain to Mosaic's proprietary technology; (ii) they are owned or licensed by Third Parties with restrictions on their deliverability or disclosure by Mosaic to an assignee, or (iii) they comprise the Vendor's and Mosaic's tax and financial records, and economic evaluations;

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

(ff) "**Payment Agreement**" means an agreement between Vendor and Purchaser pursuant to which Vendor agrees to pay the monthly Administration Fee owed pursuant to clause 7 of a Natural Gas Sale and Purchase Agreement dated November 1, 2016 between Vendor (whose interest shall be assigned to Purchaser at Closing pursuant to this Agreement) and BP Canada Energy Group ULC for the Initial Term of such Agreement;

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

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

(ii) any Right of First Refusal 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, right 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 Mosaic 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 Mosaic's 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.

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

(ii) "**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";

(jj) "**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;

(kk) "**Prime Rate**" means the rate of interest, expressed as a rate per annum, designated by the main branch in Calgary of the Royal Bank of Canada 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;

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

(mm) "**Rights of First Refusal**" means a preferential, pre-emptive or first purchase right that becomes operative by virtue of this Agreement or the Transaction;

(nn) "**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;

(oo) "**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;

(pp) "**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, and any real property (other than the Lands);

(qq) "**Third Party**" means any individual or entity other than Receiver, Mosaic, 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;

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

(ss) "**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; including, without limitation, those, if any, set out and described in Schedule "A";

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

(uu) "**Wells**" means Vendor's entire interest in and to all producing, shut-in, suspended, abandoned, capped, injection and disposal wells on the Lands, including, without limitation, the wells listed in Schedule "B"; and

(vv) "**West Central Area**" means the area identified as the West Central Area in Schedule "H".

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.

1.5 Schedules

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

Schedule "A"	-	Lands and Petroleum and Natural Gas Rights
Schedule "B"	-	Wells and Facilities
Schedule "C"	-	Rights of First Refusal
Schedule "D"	-	General Conveyance
Schedule "E"	-	Form of Officer's Certificate
Schedule "F"	-	Form of Court Order
Schedule “G”	-	Marketing Agreements
Schedule “H”	-	West Central Area
Schedule “I”	-	Proprietary Seismic Data

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 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] ($[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 as follows:

(a) payment of the Deposit (as set forth and defined in section 2.9); and

(b) cash in the amount of [redacted] Dollars ($[redacted]), as adjusted herein, payable to Vendor at Closing.

2.3 Allocation of Purchase Price

The Parties shall allocate the Purchase Price as follows:

Petroleum and Natural Gas Rights	[redacted]
Tangibles	[redacted]
Included Seismic Data	[redacted]
Miscellaneous Interests	[redacted]
Total	[redacted]

2.4 Assumption of Abandonment and Reclamation Obligations

In determining the Purchase Price, the Parties have taken into account the Purchaser's assumption of responsibility for the payment of all costs for existing or future Abandonment and

Reclamation Obligations associated with the Assets, as set forth in this Agreement, and the absolute release of Mosaic 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 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; and

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

(iv) the Payment Agreement executed by Vendor;

(v) the tax elections as contemplated by this Agreement, duly executed by Vendor; and

(vi) a certified copy of the Court Order.

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

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

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

(iii) the Payment Agreement executed by Purchaser;

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

(v) the Officer's Certificate substantially in the form attached as Schedule "E", duly executed by 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 prepare, at Vendor's own cost and expense, and provide for Purchaser's review all Specific Conveyances. 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] dollars ($[redacted], representing Eleven point two percent (11.2%) of the Purchase Price, has been provided by Purchaser to Vendor's counsel, Norton Rose Fulbright Canada LLP (the "**Escrow Agent**") concurrent with the execution of this Agreement, to be held in trust in an interest-bearing trust accounting and released only in accordance with the provisions of this section 2.9 and the provisions of the Escrow Agreement (the **Deposit**), which shall include any interest thereon.

The Deposit shall be held in trust by Escrow Agent until one of the following events occur:

(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 a breach of this Agreement by Purchaser or by failure of Purchaser to fulfill the conditions set forth in section 3.4, the Deposit shall be forfeited to Vendor for the account of Vendor absolutely; and

(c) if Closing does not occur due to any other reason than as addressed by section 2.9(b), the Deposit shall be paid to Purchaser for the account of Purchaser absolutely.

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 that Vendor's retention thereof shall constitute liquidated damages to, and be the sole remedy of, Vendor as a result of Closing not occurring.

2.11 Taxes

(a) Joint Election

The Parties agree to make a joint successor election under section 66.7 of the *Income Tax Act* (Canada) in respect of all of the cumulative resource tax accounts of Mosaic to the extent permitted thereunder. 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 such Act so as to transfer such cumulative resources tax pools from Mosaic to Purchaser to the maximum extent permitted under such Act.

(b) 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 85272 4947 RT0002

Purchaser 84902 1845 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.

(c) 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 reimburse Vendor the full amount of such Sales Taxes upon delivery to Purchaser of copies of receipts showing payment 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.

(d) Additional Elections

The Parties agree to make such other elections (including, without limitation, with respect to GST or Sales Tax) as prudent and available to minimize taxes 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.

ARTICLE 3
CONDITIONS OF CLOSING

3.1 Required Consents

(a) The Vendor shall, forthwith upon execution of this Agreement, use commercially reasonable efforts to identify and request in writing all necessary approvals by Third Parties and Governmental Authorities in connection with the Transaction which are customarily obtained by a vendor prior to Closing (the "**Required Approvals**").

(b) Both before and after Closing, each of the Parties shall use all reasonable efforts to obtain any and all approvals required under Applicable Law and any and all material consents of Third Parties required to permit the Transaction. Unless as otherwise provided in this Agreement, the Parties acknowledge that, with the exception of the Competition Act Approval, the acquisition of such consents or the Required Approvals shall not be a condition precedent to Closing. Unless otherwise provided herein, it shall be the sole obligation of Purchaser, at Purchaser's sole cost and expense, to provide all financial with 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.

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) Vendor obtaining the Court Order; 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 or satisfied on or before January 6, 2017, 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) 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; and

(c) the Competition Act Approval shall have been obtained.

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 terminate this Agreement by written notice to Vendor. If Purchaser terminates this Agreement, Vendor and Purchaser shall be released and discharged from all obligations hereunder except as provided in sections 2.9 and 12.13.

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;

(c) all amounts to be paid by Purchaser to Vendor at Closing, including, without limitation, the Purchase Price, shall have been paid to Vendor in the form stipulated in this Agreement; and

(d) the Competition Act Approval shall have been obtained.

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 terminate this Agreement by written notice to Purchaser. If Vendor terminates this Agreement, Vendor and Purchaser shall be released and discharged from all obligations hereunder except as provided in sections 2.9 and 12.13.

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

(a) Receiver has been appointed by the Court as receiver and manager of Mosaic 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, subject to obtaining the Competition Act Approval, 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, subject to obtaining the Competition Act Approval;

(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) except for the Competition Act Approval, 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 not a non-resident of Canada within the *Income Tax Act* (Canada);

(j) Purchaser is not a non-Canadian person for the purposes of the *Investment Canada Act*; and

(k) The Purchaser is a licensee under the Alberta Energy Regulator's ("**AER**") Liability Management Rating program with a Liability Management Rating ("**LMR**") of 1.45.

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 the 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 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 Vendor's Indemnities for Representations and Warranties

Vendor shall be liable to Purchaser for and shall, in addition, indemnify Purchaser from and against, all Losses suffered, sustained, paid or incurred by Purchaser which would not have been suffered, sustained, paid or incurred had all of the representations and warranties contained in section 4.1 been accurate and truthful; provided, that nothing in this section 5.1 shall be construed so as to cause Vendor to be liable to or indemnify Purchaser in connection with any representation or warranty contained in section 4.1 if and to the extent that Purchaser did not rely upon such representation or warranty.

5.2 Purchaser's Indemnities for Representations and Warranties

Purchaser shall be liable to Vendor for and shall, in addition, indemnify Vendor from and against, all Losses suffered, sustained, paid or incurred by Vendor 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 5.2 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.

5.3 Survival of Representations and Warranties

Each Party acknowledges that the other may rely on the representations and warranties made by such Party pursuant to section 4.1 or 4.2, as the case may be. The representations and warranties in sections 4.1 and 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 the Party to which such representations and warranties were made. 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 the Party which made such representation or warranty.

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, 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 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 may suffer, sustain, pay or incur; and

(b) indemnify, release and save harmless Vendor 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 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 all Wells and Facilities.

6.3 Third Party Claims

The following procedures shall be applicable to any claim by a Party (the "**Indemnitee**") for indemnification pursuant to this Agreement from another Party (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 ten (10) 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 ten (10) 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;

(c) 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;

(d) 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 or delayed), unless the Indemnitee waives its rights to indemnification in respect of 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, the Indemnitee shall promptly pay the amount of the reimbursement (including interest actually received) 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 paragraph 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 Date 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 Mosaic 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 Mosaic 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 Mosaic's or Vendor's income taxes;

(v) revenues from the sale of Petroleum Substances will be deemed to accrue when the Petroleum Substances are produced;

(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 the Vendor and Purchaser on a per diem basis as of the Closing Date; and

(vii) any and all unpaid rentals and royalties which accrue to the Assets and are not a corporate debt (including without limitation, unpaid surface lease rentals, mineral lease rentals, Crown royalties and municipal taxes for surface sites) which are identified by Purchaser prior to the preparation of the interim accounting statement shall be credited to Purchaser.

(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 Date of Appointment and which will not constitute a liability to Purchaser.

(c) Petroleum Substances which were produced, but not sold, as of the Closing Date shall be retained by Vendor and Vendor shall be responsible for all royalties or other encumbrances thereon and all processing, treating and transportation expenses pertaining thereto. Petroleum Substances will be deemed to be sold on a first in, first out basis.

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 and Purchaser'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. A final accounting of the adjustments pursuant to section 7.1 shall be conducted within thirty (30) days following the Closing Date (the "**Final Statement of Adjustments**"), 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.

(b) All adjustments provided for in this Article shall be adjustments to the Purchase Price 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 three percent (3%) 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, to the extent that the nature of its interest permits, and subject to the 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.

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 by Purchaser and which, if provided, shall be provided in a timely manner:

(a) make any commitment or propose, initiate or authorize any capital expenditure with respect to the Assets of which Vendor's share is in excess of $25,000.00, except in case of an emergency or 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) amend or terminate any Title Document or enter into any new 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 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 twenty four (24) 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 5.3.

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 to Purchaser all revenues, proceeds and other benefits received by Vendor with respect to the Assets, provided that Vendor shall not 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, 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:

(i) make a deposit or furnish any other form of security; or

(ii) undertake any corrective action or remedial work including without limitation inspections, tests or engineering assessments,

to approve a Licence Transfer, Purchaser shall make such deposit, furnish such other form of security or undertake such work as may be required at Purchaser's sole expense.

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.

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
RIGHTS OF FIRST REFUSAL

9.1 Rights of First Refusal

(a) Within three (3) Business Days from the date hereof, Purchaser, acting reasonably and in good faith, shall provide Vendor with its allocated values for the Assets which are subject to Rights of First Refusal as identified in Schedule "C". Promptly after such allocations are provided to Vendor, it shall send notices to the Persons (including Purchaser, if applicable) holding such Rights of First Refusal in accordance with the terms of the Title Documents creating them, using such values provided by Purchaser. Purchaser shall be liable for and indemnify and save Vendor harmless from and against all Losses which Vendor may suffer, sustain, pay or incur as a result of utilizing any value allocations supplied by Purchaser.

(b) If any Third Party elects to exercise any Rights of First Refusal, the portion of the Assets subject to such Rights of First Refusal (the "Affected Asset") shall not be sold pursuant hereto, and the definitions of "Assets", "Lands", "Leases", "Miscellaneous Interests", "Petroleum and Natural Gas Rights", "Facilities", "Tangibles" and "Wells" shall not include the Affected Asset. The Purchase Price and any applicable GST and/or Sales Taxes shall be reduced accordingly.

ARTICLE 10
COMPETITION ACT APPROVAL

10.1 Competition Act Approval

(a) As soon as practicable, and in any event no later than seven (7) Business Days from the date of this Agreement, Purchaser shall file with the Commissioner a submission in support of a request for an advance ruling certificate under section 102 of the Competition Act or, in the event that the Commissioner will not issue an advance ruling certificate, a waiver of the obligation to notify and supply information under Part IX of the Competition Act pursuant to subsection 113(c) of the Competition Act and confirmation that the Commissioner does not, at that time, intend to make an application under section 92 of the Competition Act. Purchaser shall pay the applicable filing fee in respect of the Competition Act Approval. Purchaser and Vendor will co-operate with each other and use their commercially reasonable efforts to take such action as may be required, to secure the Competition Act Approval.

(b) Purchaser and Vendor will co-operate with each other and use their commercially reasonable efforts to take such action as may be required, to secure the Competition Act Approval.

(c) Each Party will:

(i) keep the other Party promptly informed of the status of discussions relating to obtaining the Competition Act Approval and promptly inform the other Party of any communication received by that Party from the Commissioner or representatives of the Competition Bureau in connection with obtaining the Competition Act Approval;

(ii) use commercially reasonable efforts to respond promptly to any request or notice from any Government Authority requiring the Parties, or any one of them, to supply additional information in respect of obtaining the Competition Act Approval;

(iii) permit the other Party to review in advance any proposed applications, notices, filings, submissions, correspondence and communications of any nature (including responses to requests for information and inquiries from any Government Authority) in respect of obtaining the Competition Act Approval, and will provide the other Party a reasonable opportunity to comment thereon and will consider those comments in good faith;

(iv) promptly provide the other Party with any applications, notices, filings, submissions, correspondence and communications of any nature (including responses to requests for information and inquiries from any Government Authority) that were submitted to a Government Authority in respect of obtaining the Competition Act Approval; and

(v) not participate in any substantive meeting or discussion (whether in person, by telephone or otherwise) with the Commissioner or any of his representatives in respect of obtaining or concluding the Competition Act Approval unless it consults with the other Party in advance and gives the other Party the opportunity to attend and participate thereat unless the Commissioner or his representative requests otherwise.

(d) Notwithstanding any requirement in this Section 10.1 in connection with obtaining the Competition Act Approval, submissions, filings or other written communications with any Government Authority containing information which a Party, acting reasonably, considers to be confidential or sensitive may be redacted as necessary before sharing with the other Party, provided that the disclosing Party must provide external legal counsel to the other Party non-redacted versions of drafts and final submissions, filings or other written communications with any Government Authority on the basis that the redacted information will not be shared with its client.

ARTICLE 11
PURCHASER'S REVIEW AND ACCESS TO BOOKS AND RECORDS

11.1 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) for the purpose of Purchaser's review of the Assets and title thereto.

11.2 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 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) Mosaic's 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 Mosaic or Vendor.

11.3 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 12
GENERAL

12.1 Further Assurances

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

12.2 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.

12.3 Receiver

Purchaser acknowledges that Receiver is acting solely in its capacity as the Court-appointed receiver and manager of Mosaic, 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.

12.4 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. This Agreement supersedes all other agreements (other than the Confidentiality Agreement dated June 29, 2016 between Vendor and Purchaser), documents, writings and verbal understandings between the Parties relating to the subject matter hereof and expresses the entire agreement of the Parties with respect to the subject matter hereof.

12.5 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.

12.6 Signs and Notifications

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

12.7 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.

12.8 Time of Essence

Time shall be of the essence in this Agreement.

12.9 Notices

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

Vendor - **Ernst & Young Inc.**
220 215 2 Ave SW
Calgary, AB
T2P 1M4

Attention: Peter Chisholm
E-mail: peter.chisholm@ca.ey.com
Fax: **(403) 206-5075**

Purchaser - Predator Oil Ltd.
1500, 250 – 2nd Street SW
Calgary, AB T2P 0C1
Attention: Greg Macdonald, President & COO
E-mail: greg.macdonald@predatoroil.com
Fax: (587) 296-4916

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

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

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

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

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

12.10 Invalidity of Provisions

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

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

12.12 Amendment

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

12.13 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 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; or (ii) in connection with obtaining the Court Order; or (iii) as required to Mosaic's secured creditors.

12.14 Counterpart Execution

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

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

ERNST & YOUNG INC., solely in its capacity as the receiver of **MOSAIC ENERGY LTD.**, and not in its personal or corporate capacity

Per: ____________________
Name: Neil Robertson
Title: SVP

Per: ____________________
Name:
Title:

PREDATOR OIL LTD.

Per: ____________________
Name:
Title:

Per: ____________________
Name:
Title: