FORM 49
[RULE 13.19]

CLERK'S STAMP

COURT FILE NUMBER	1801 – 09424
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended
	AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF RANCH ENERGY CORPORATION, OPSMOBIL INC., 1734163 ALBERTA INC., 1859821 ALBERTA INC., AIR DALLAIRE LTD., OPSMOBIL GROUP INC., OPSMOBIL CONSTRUCTION INC., OPSMOBIL ENERGY SERVICES INC. and K.L. CAPITAL CORP.
DOCUMENT	**AFFIDAVIT OF RYAN TOBBER**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**GOWLING WLG (CANADA) LLP** 1600 – 421 7th Avenue SW Calgary, Alberta T2P 4K9 Attention: Tom Cumming / Anthony Mersich Telephone No.: 403-298-1938 / 403-298-1831 Fax No.: 403-695-3538 Email: tom.cumming@gowlingwlg.com / anthony.mersich@gowlingwlg.com File No.: V41817

Sworn on July 3, 2018

I, Ryan Tobber, of Calgary, Alberta, SWEAR AND SAY THAT:

I. INTRODUCTION

1. I am the President and Chief Executive Officer of Ranch Energy Corporation ("**Ranch**"), OpsMobil Inc. ("**OpsMobil**"), 1734163 Alberta Inc. ("**1734**"), 1859821 Alberta Inc. ("**1859**"),

OpsMobil Group Inc. ("**Ops Group**"), OpsMobil Construction Inc. ("**Ops Construction**"), OpsMobil Energy Services Inc. ("**Ops Services**") and K.L. Capital Corp. ("**KLCC**"). (Ranch, OpsMobil, 1734, 1859, Ops Group, Ops Construction, Ops Services are hereinafter referred to as the "**Applicants**", and each individually, an "**Applicant**"). As such I have personal knowledge of the matters hereinafter deposed to, save where stated to be based on information and belief, in which case I verily believe the same to be true. The principal executive office of the Applicants is located at 1200, 815-8th Ave SW, Calgary, Alberta T2P 1M4 (the "**Calgary Head Office**").

2. I am authorized to swear this Affidavit as the corporate representative of the Applicants.

3. This Affidavit is made in support of an Application by the Applicants for an Order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, as amended (the "***CCAA***"), and for an Order adjourning *sine die* the application of Third Eye Capital Corporation ("**Third Eye**") for an order appointing Ernst & Young Inc. ("**E&Y**") as receiver of the assets, undertakings and properties of the Applicants (the "**Receivership Application**", and the proposed receiver, the "**Receiver**").

4. All references to dollar amounts contained herein are to Canadian Dollars unless otherwise stated.

II. OVERVIEW OF THE APPLICANTS

A. Corporate Structure

5. All of the Applicants are incorporated under the Alberta *Business Corporations Act*, RSA 2000, Chapter B-9, as amended (the "***ABCA***").

6. I own all of the shares in the capital of Ranch, 1734 and 1859. 1734 owns 76% of the shares in the capital of Ops Group. The other 19% is owned by Air Dallaire Ltd., which is also a respondent in the Receivership Application but which is unrelated to the Applicants. The remaining 5% is owned as to 1.24% by Clear Ideas Incorporated and as to 3.76% by American Bond Company Limited. Ops Group owns 100% of the shares in the capital of OpsMobil, Ops Construction and Ops Services. Attached hereto as **Exhibit "A"** is a copy of a corporate structure chart illustrating these relationships.

B. Businesses of Applicants

7. 1734 and those Applicants which are subsidiaries thereof (collectively, the "**OpsMobil Group**") are a group of oilfield service companies providing three principal services:

(a) energy services, consisting of field services to support production operations, including providing operators and maintenance crews, light construction and asset management for the same;

(b) aviation services, consisting of specialized oilfield services using both fixed wing and rotary wing aircraft for pipeline patrols, pilot operations and aerial applications; and

(c) construction services, consisting of construction services with particular capabilities in above ground and complex underground pipeline construction.

8. The primary assets of the OpsMobil Group are aircraft and aircraft support facilities. This business requires a sustained and ongoing capital expenditure commitment in order to protect cash flows and preserve such asset values. The aviation services are regulated by Transport Canada as a commercial air operator which regulates the requirements for aircraft maintenance.

9. The employees of the OpsMobil Group as follows:

(a) Ops Construction employs one person;

(b) Ops Services employs 40 people;

(c) Ops Group employs 11 people; and

(d) OpsMobil employs 2 people,

totalling 53 employees in the OpsMobil Group.

10. The aircraft operate throughout Western Canada with the main operational base in Whitecourt, Alberta. The other aviation facilities are located in Rocky Mountain House, High-Level and Rainbow Lake, Alberta.

11. The OpsMobil Group has been focused on transitioning to value added services through its asset management solutions, allowing for improved margins, and phasing out or divesting of its

legacy services. OpsMobil Group asset management solution is to provide all labour, equipment, consumable and support to operate the production assets.

12. As oilfield service companies, the revenues of the OpsMobil Group are dependent on the expenditures of oil and gas producers, which have been depressed since 2014.

13. The original vision for Ranch was to acquire and operate mid to end of life producing oil and gas assets throughout North America. The business model was designed to provide strategic exit solutions for growth focused exploration and production companies through the acquisition by Ranch their non-core and non-strategic production assets, with the goal of providing Ranch with predictable, long-term financial returns for its stakeholders. Due to the nature of Ranch's business, revenues of Ranch are directly tied to the commodity prices.

14. Ranch also requires a sustained and ongoing capital expenditure commitment in order to maximize production from its assets and to optimize operating infrastructure. In particular, the business plan when acquiring the assets of Predator Oil B.C. Ltd. ("**Predator**) was to reactivate shut-in wells to increase production and incremental revenue.

15. Ranch engaged Ops Services to provide asset management services to manage the field operations of its producing assets. Ops Services is a key vendor to Ranch but operates businesses with completely different cost structures and asset classes. As a result, the financial requirements, performance, challenges and merits of Ranch and Ops Services businesses cannot be simply combined and reviewed on a consolidated basis. Ops Services, however, is very dependant on Ranch due to the high level of receivables outstanding.

III. THIRD EYE FACILITIES

A. Bank of Montreal Paid Out

16. In September 2015, Third Eye presented OpsMobil with a term sheet for $10,000,000 for a term loan and revolving line of credit. These facilities were intended to be used to provide the capital required to a) repay the Bank of Montreal ("**BMO**"), and b) provide the necessary funds for capital expenditures ("**CAPEX**") required to complete the overhaul of certain aircraft. The primary maintenance season for aircraft is generally during the winter months so all aircraft are

serviceable for the following summer flying season. Accordingly, the timing of the receipt of CAPEX funds was crucial for OpsMobil's 2016 season.

17. By the time the Third Eye credit facilities were finalized, the terms, conditions and intended uses of the loan had substantially changed. Third Eye advanced $7,000,000 which was used to purchase BMO's security, pay legal fees and provided Third Eye with fees and gains on the BMO deal. The term loan did not provide the required $3,000,000 in expected credit availability to fund the capex program.

18. Third Eye also offered a revolving line of credit of $3,000,000 of which $1,800,000 was drawn on December 23, 2015.

B. Third Eye Initial Credit Facilities

19. Upon acceptance of the term sheet, Third Eye led me to believe that it would quickly purchase BMO's credit facilities and move OpsMobil's debt into the Third Eye facilities. As events unfolded, the process dragged and Third Eye demanded additional security before it would purchase BMO's security, which took place on or about November 11, 2015.

20. OpsMobil did not obtain access to the Third Eye credit facilities until Dec 23, 2015. By this time, the terms and conditions of the Third Eye facilities had changed again, and OpsMobil had incurred significant additional costs in respect of its BMO credit facility.

21. At the time Third Eye purchased the debt owing by OpsMobil to BMO, OpsMobil was indebted to BMO in the amount of $5,319,562. Third Eye purchased OpsMobil's debt owing to BMO for $3,800,000. In addition, Third Eye charged fees of $300,000. OpsMobil had to pay, among other things, its own legal fees, Third Eye's legal fees and those of BMO which totalled approximately $845,000. These expenses virtually exhausted the $7,000,000 term facility at the time of closing, and only left approximately $42,000 to prepare the aircraft fleet for the 2016 season. This amount was woefully inadequate, which would have been readily apparent to Third Eye at the time.

C. The collapse of OpsMobil under the Third Eye Credit Facilities

22. As a condition of the Third Eye credit facilities, OpsMobil was to negotiate and enter into a payment plan with the Canada Revenue Agency (the "**CRA**") for amounts owing at the time. OpsMobil reached an agreement with the CRA on a payment plan of $450,000 per month with a review after 3 months to determine if additional payments needed to be made. Third Eye accepted this plan. OpsMobil made the first two payments under the plan before missing the third payment, which was the point at which a review was to occur.

23. The missed payment came as a surprise to OpsMobil's management, as there should have been sufficient credit available under OpsMobil's revolving credit facility to pay CRA. However, Third Eye had restricted access to the revolving credit facility by applying blocks to portions of the accounts receivable which was used by Third eye to calculate OpsMobil's borrowing base. The decision to reduce OpsMobil's revolving line of credit was made unilaterally by Third Eye.

24. Following the missed payment to CRA, I worked closely with Third Eye to find a solution to the missed CRA payment. Third Eye was unwilling to remove the restrictions it had placed on the revolving line of credit. As a result of the missed payment to CRA, on March 7, 2016, CRA issued an enhanced garnishment and attached all of OpsMobil's revenue and accounts.

25. Throughout early 2016, OpsMobil was continuously deprived of funds that were required for its day-to-day operations due to Third Eye's restrictions on OpsMobil's revolving line of credit and CRA's garnishment of OpsMobil's revenue and accounts. In April 2016, Third Eye finally agreed to provide a forbearance credit facility which allowed OpsMobil to continue its operations. I, along with Roch Dallaire, pledged additional collateral to Third Eye to obtain this forbearance.

26. At the time, OpsMobil had approximately 200 employees working throughout Western Canada on contracts with various oil and gas producers. Many of these contracts had been in place for up to ten years or more. The CRA garnishment along with the lack of working capital, eroded OpsMobil's reputation, which resulted in the loss of some contracts. Rather than work with OpsMobil, Third Eye responded by increasing interest rates on its credit facilities from approximately 14% to 25% and took steps to control all of the revenue and expenditures of the OpsMobil Group.

27. Third Eye extended the forbearance a number of times throughout 2016, which resulted in a significant accumulation of additional fees that were charged to OpsMobil. Third Eye also demanded and received warrants representing 30% of the shares of OpsMobil.

28. Following the expiry of the last forbearance period in early 2017, Third Eye opted to sweep \$20,000 per day of revenue of the OpsMobil Group's bank accounts and applied the swept amounts to amounts owing to Third Eye. This practice continued until a credit facility was issued by Third Eye to Ranch (which is discussed in greater detail below) at which time Third Eye acknowledged that OpsMobil was no longer in default. Nonetheless, Third Eye continued to apply the augmented interest rates against the amounts owing to it by OpsMobil, as though OpsMobil was still in default.

29. Without any working capital, and without an ability to pay for the maintenance required to keep its aircraft in service, OpsMobil lost the majority of its historical, long term contracts during the first half of 2017. This represented a loss of about \$25,000,000 in annual renewable contracts.

30. As a result of being deprived of the funds necessary to properly maintain its aircraft, OpsMobil's entire aircraft fleet is now unserviceable. Without the use of its own aircraft, OpsMobil had to enter into expensive third party leases for other aircraft while at the same time, paying high interest rates on its credit facilities with Third Eye. This effectively doubled OpsMobil's costs for operating its aircraft, which is clearly unsustainable.

31. The primary focus of OpsMobil since the acquisition by Ranch of the PNG Assets (defined below), has been to service the PNG Assets. Efforts have been made to sell the remaining aviation business as well as OpsMobil's Estevan oilfield branch, which was a profitable division of Ops Services.

32. OpsMobil has arranged for a buyer of its aviation business; however, the pending sale of the aviation business unit has been blocked by Third Eye. A copy of the purchase and sale agreement for the aviation business is attached hereto as **Exhibit "B"**.

33. Further, the sale of Estevan oilfield branch collapsed when OpsMobil failed to pay its employees in June of this year.

34. OpsMobil has been functioning without an established operating revolving line of credit since early February of 2016, making it impossible to manage its working capital needs.

D. Ranch's Gas Wells and Facilities

35. In early 2017, Ops Services was providing asset management solutions for the operation of several producing fields. At that time, I became aware of an opportunity to purchase a large package of wells and facilities in north-eastern British Columbia that had been acquired by Predator from Penn West Petroleum Limited ("**Penn West**"), consisting of the following:

(a) 1600 wells, excluding those that have already been abandoned, in the Wildboy and Fort St John Districts of British Columbia (collectively, the "**Wells**"), of which

    (i) 374 wells in Wildboy were being operated by Predator (with 150 of those wells being producing wells);

    (ii) 30 additional wells in Wildboy in respect of which a working interest, which varies from well to well, is held by other companies;

    (iii) 554 wells in Fort St. John which were operated by Predator, of which 197 were producing;

    (iv) 1,094 wells in Fort St. John in respect of which a working interest was held by various parties, and for which there were 26 different operators; and

    (v) 90% of the Wells were gas wells and 10% were oil wells; and

(b) 58 operated facility and stations at various locations and one gas processing plant located at d-75-A/094-P-10 in Helmet, British Columbia (the "**Facilities**"),

(collectively, the "**PNG Assets**"). The production from the Wells was about 5,000 boe/d as of June 23, 2018.

36. Ops Group executed a letter of intent with Predator to purchase the PNG Assets on March 31, 2017 (the "**LOI**"). The scheduled closing date was April 28, 2017.

37. I caused Ranch to be incorporated for the purposes of carrying out the acquisition of the PNG Assets. Ranch and Predator entered into an asset purchase and sale agreement dated as of May 8, 2017 (the "**PSA**") pursuant to which Predator agreed to sell the PNG Assets to Ranch on the terms set out therein. Attached hereto as **Exhibit "C"** is a true copy of the PSA excluding the Schedules listing the PNG Assets.

38. The acquisition was intended to significantly increase the cash flow and asset value of the Applicants, and was projected to have a materially positive impact on the combined financial statements of Ops Mobil Group and Ranch.

39. In order to enhance cash flow for the OpsMobil Group, Ranch entered into a long term contract with Ops Services, pursuant to which Ops Services agreed to operate the PNG Assets and provide other oil and gas production services to Ranch. This service contract stabilized declining revenue being experienced by OpsMobil Group because it had insufficient working capital with which to carry out necessary capital expenditures to maintain and service its aircraft. As noted above, those aircraft that had not been serviced with the required maintenance were not permitted to operate. As a result, OpsMobil Group was forced to lease aircraft from third parties in order to maintain its business while at the same time it was paying debt service costs to Third Eye on grounded aircraft.

40. Third Eye financed the acquisition by Ranch of the PNG Assets. Third Eye conducted a thorough due diligence of the PNG Assets and on May 9, 2017, Mark Horrox ("**Horrox**"), the principal of Third Eye, presented Ranch with a term sheet under which Third Eye would advance to Ranch a $26,000,000 reserve based credit facility to finance the purchase price of the PNG Assets and the working capital requirements for a capital expenditure program in respect thereof. The term sheet provided for a $1,000,000 fee payable to Third Eye on closing. Attached hereto as **Exhibit "D"** is a true copy of the term sheet provided by Third Eye on May 9, 2017.

41. On May 12, 2017, Horrox advised Ranch that Third Eye had recalculated the operating costs of the Wells and Facilities and had concluded that the financing described in paragraph 21 could not be supported by the PNG Assets. Ranch and OpsMobil assisted Third Eye to complete further due diligence on the PNG Assets and on June 30, 2017, Third Eye presented Ranch with term sheet providing Ranch with a $10,000,000 reserve-based credit facility. Notwithstanding that the original amount of the facility was reduced by two thirds, the closing fee payable to Third Eye remained at $1,000,000, representing a significantly higher cost of capital being provided. The term sheet provided that the borrowing base was subject to determination in the sole discretion of Third Eye, but Third Eye did not advise Ranch as to the amount of the borrowing base.

42. Ranch's acquisition of the PNG Assets was scheduled to close the week of May 12, 2017, and at such time, the remaining deposit of $200,000 became due to Predator. OpsMobil issued a check to Predator for the remaining deposit in order to avoid defaulting on such condition under the PSA.

43. Upon discovering that OpsMobil had paid the remaining deposit to Predator, Third Eye demanded that OpsMobil replace the $200,000 that were paid to Predator since Third Eye did not grant OpsMobil permission to make the payment. On May 18th I caused the funds that were paid to Predator for the remaining amount due on the deposit to be replaced. The replacement funds obtained from a shareholder loan to Ranch. Consequently I disagree with Horrox's assertion in his affidavit that Third Eye funded 100% of the Ranch acquisition. Attached hereto as **Exhibit "E"** is a true copy of an email correspondence between me and Arif Bhalwani ("**Bhalwani**"), Managing Director of Third Eye in respect Third Eye's objection to OpsMobil having paid the remaining deposit to Predator.

44. On July 10, 2017 (the "**Closing**"), Ranch completed the acquisition of the PNG Assets from Predator (the "**Predator Acquisition**") but Third Eye only advanced $8,500,000 of its financing. Half of Third Eye's $1,000,000 fee was payable on Closing and the remaining $500,000 was payable by the end of 2017. Ranch was left with $100,000 in working capital, which was not sufficient to fund the capital projects required in respect of the operation of the PNG Assets.

45. At the time, the permits (the "**Permits**") issued by the British Columbia Oil and Gas Commission (the "**OGC**") for each of the PNG Assets could not be transferred on Closing because Ranch was not yet qualified to hold the Permits under the regulations of the OGC. Therefore, pursuant to a trust agreement dated June 16, 2017, (the "**Trust Agreement**") between Predator, Ranch and OpsMobil Group, Predator agreed to hold the Permits in trust for Ranch. Attached hereto as **Exhibit "F"** is a true copy of the Trust Agreement. Weekly operations meetings are held between Predator, Ranch and Ops Services to provide Predator with operational oversight over the PNG Assets until such time as the Permits are transferred to Ranch.

46. According to a report issued by the OGC on July 2, 2017, the liability management ratio ("**LMR**") of Predator on Closing exceeded 1.02 after taking into account a security deposit of a $15,000,000 posted by Predator with the OGC at the time Predator acquired the PNG Assets from

Penn West. The security deposit is intended to fund to cost of abandonment, remediation and reclamation costs for the PNG Assets should Predator not be able to meet its abandonment obligations.

47. Of note, the OGC initially requested that a security deposit of nearly $40,000,000 be posted in order to approve the transfer of the PNG Assets from Penn West to Predator, notwithstanding the fact that both Predator and Penn West's LMRs exceeded 1.0 at the time.

48. However, during the summer of 2017, the transmission systems of both Enbridge Inc. and TransCanada Corporation underwent significant maintenance outages, which reduced the production and revenues from the PNG Assets. This in turn resulted in a reduction in Predator's LMR to 0.96 as of July 2, 2018 taking into account the $15,000,000 security deposit.

49. Under the British Columbia LMR program, the OGC will not approve an application to transfer Permits unless the post-transfer LMR of the transferor and transferee each exceeds 1.0. Because the LMR of Predator had declined to 0.96, I concluded that Ranch could only acquire the Permits if Ranch and Predator were amalgamated.

50. I attempted to obtain the consent of Third Eye to agree to the purchase of Predator with the intent to subsequently amalgamate Ranch and Predator. Third Eye refused to consent to the amalgamation. Horrox informed me that the reason Third Eye was withholding its consent to the purchase of Predator was to apply pressure on a major shareholder of Predator – who was a key person at Tidewater Midstream & Infrastructure Ltd. ("**Tidewater**") - to purchase the Wildboy Plant for an amount sufficient to pay the amount owing to Third Eye.

51. Due to Third Eye's refusal to purchase the shares of Predator, on June 15, 2018, I caused 2118469 Alberta Ltd. ("**211 Alberta**"), a company of which I own all of the shares, acquired all of the shares in the capital of Predator for a purchase price of $7,000,000, which is secured by a security interest in all of 211 Alberta's present and after-acquired property. Attached hereto as **Exhibit "G"** is a true copy of the share purchase agreement between 211 Alberta and Predator's prior shareholders.

E. Energy Sector Downturn and its Impacts on Ranch's Business

52. Ranch was severely impacted by the decrease in oil and natural gas commodity prices. Natural gas prices have decreased by approximately 60% from the time that the Predator Acquisition took place. The severe drop in natural gas prices reduced Ranch's cash flows and impacted Ranch's reserve estimates. Natural gas prices have stabilized since and even slightly strengthened since May 2018.

53. In mid-September Ranch engaged Alvarez and Marsal Canada Security ULC ("**A&M**") to find refinancing for the indebtedness owed by Ranch to Third Eye and provide the necessary working capital for Ranch's capital projects planned for 2018 and 2019. A&M began the refinancing process in early November based on an October natural gas price forecast of $2.35/mcf.

54. By the beginning of October, 2017, Ranch was required to post a letter of credit in the approximate of $450,000 as security for gas transportation services. Ranch's marketing firm, Middleton Energy Management Ltd. ("**Middleton**"), offered to provide a loan of $500,000 to post the letter of credit at 5% interest. However, Third Eye refused to permit Middleton to provide the loan, and instead provided the cash for the letter of credit itself, but at an interest rate at 12%. Now that the Ranch is in default of its credit facility with Third Eye, it is paying interest at the rate of 22% per annum. Attached hereto as **Exhibit "H"** is a true copy of Middleton's loan offer.

55. From late 2017 to early 2018, Third Eye advanced additional capital, only as required. Third Eye also demanded and received warrants representing 40% of the shares of Ranch.

56. On September 13, 2017, Ranch engaged Jedex Equipment Ltd. ("**Jedex**") to provide a formal appraisal of the Wildboy gas plant. Jedex determined the fair market value of the equipment at the Wildboy gas plant as at October 16, 217 to be $36,931,260 and the value of the plant in place, as a working processing facility with capacity for future or redirected volumes, to be $115,780,260. Third Eye refused to recognize the Wildboy gas plant to be an asset that contributes to Ranch's borrowing base, but instead referred to it as "boot collateral". Attached hereto as **Confidential Exhibit "I"** is a copy of the appraisal prepared by Jedex.

57. Since acquiring the PNG Assets, Ops Services, has reduced operating costs by almost 20%. In order to increase the profitability of the Wildboy gas plant, it is necessary to increase the volume of gas being processed which results in a reduction of unit operating costs, as most of the costs of the plant are fixed costs. There is an opportunity to expand the amount of gas being processed by connecting the Wildboy gas plant to the Horn River gas basis by means of a 32 kilometer, 12 inch diameter pipeline for which approval is pending. Ranch has a commitment to build the pipeline in a joint venture with Sureus Pipeline Company, which is based in Fort St. John. If the Wildboy plant is connected to the Horn River basin, the plant's use would increase from 18% of capacity to at least 50% of its capacity, and I estimate that it would generate a net revenue of approximately $86,000 per day at a gas price of $2.00/mcf. Currently, the Wildboy gas plant generates net revenue of about $3,600 per day.

58. In early-February, 2018, A&M presented Ranch with a $100,000,000 term sheet from a large American based private equity firm called Energy Capital Partners ("**ECP**"). This proposed facility provided enough capital pay off the debt owing to Third Eye and fund the required acquisitions necessary to secure additional gas volumes and capital projects, including the pipeline to the Horne River basin, to the Wildboy gas plant. However, due to the continuing decline in gas prices, ECP withdrew its initial term sheet. On March 23, 2018, ECP provided a revised term sheet for $50,000,000 but also required Ranch to find an additional $50,000,000 in order to refinance Third Eye or, in the alternative, Third Eye would have to remain in position. Third Eye refused to agree to this financing. Attached hereto as **Exhibits "J" and "K"** are true copies of the term sheets provided by ECP on February 5, 2018 and March 23, 2018, respectively.

59. On April 6, 2018 Ranch and Tidewater executed a letter of intent (the "**Tidewater LOI**") for the purchase of the Wildboy sales pipeline. The purchase of the pipeline would have reduced the operating costs of Wildboy gas plant by $0.22/mcf, and in turn, increased the base value of the reserves by $8,000,000.00 The effective date was January 1, 2018 with an expected closing of May 31, 2018. The Tidewater LOI was to become binding upon Ranch's payment of transportation fee arears owing to Tidewater. Third Eye refused to support Ranch in making the arears payment. As a result, the deal for the Wildboy sales pipeline disintegrated. Tidewater has since initiated a law suit to collect all transportation fees owing to date. Attached hereto as **Exhibit "L"** is a true copy of the Tidewater LOI.

60. Given that the potential financing with ECP had been delayed, and it was unclear if any refinancing would take place, OpsMobil's management sought other forms of financing to provide sufficient operating capital. In March, 2018, a local equipment lender, Bullmoose Capital Ltd., ("**Bullmoose**") presented Ranch with a term sheet for a $3,000,000 credit facility, which could be increased up to $5,000,000, based on a sale-leaseback of select compressors at the Wildboy gas plant. The values that Bullmoose provided for the compressors approximated the appraisal values determined by Jedex, thus supporting the appraisal by Jedex. This credit facility would have allowed Ranch to fund payments to vendors associated with the winter CAPEX program and provide working capital through the summer months in a lower gas price environment. Third Eye refused to permit Ranch to obtain financing from Bullmoose, or to provide a similar credit facility, notwithstanding the fact that Third Eye would not include the compressors in their borrowing base. Attached hereto as **Exhibit "M"** is a true copy of the Bullmoose term sheet.

61. Through April and May, 2018, Ranch experienced a growing cash shortfall; however, Third Eye rejected every proposed solution, including assets sales, as well as the Bullmoose and other credit facilities. Third Eye also advised that it would not fund any operating expenses ("**OPEX**"). Third Eye's representatives repeatedly told Ranch to "live within its means", and appeared to ignore the underlying factors that were contributing to Ranch's economic hardship. During this time, Third Eye had complete control over Ranch's access to funds. Ranch was required to submit daily approvals to spend or use cash, and beginning in June of 2018 began blocking Ranch's accounts, further impeding its ability to access working capital.

62. Ranch has presented CAPEX funding requests, that are both accretive to Third Eye's collateral base and offer improved cash flow. For example, Ranch made a request for CAPEX to reactivate suspended wells and to acquire the Tommy Lakes oil and gas field owned by Enerplus Corporation ("**Enerplus**"). Third Eye has refused to support such requests for funding.

63. On May 3, 2018, Bhalwani and Horrox both attended our offices. Representatives from A&M were at that meeting during which we discussed the ECP financing, working capital needs of Ranch, acquisitions and the opportunity to purchase the shares of Predator. I was left with the impression that, although Third Eye was hopeful that it would be repaid by a refinancing by ECP,

it continued to be supportive of moving forward with other acquisitions for Ranch which would increase cash flow and asset value.

64. The week following this meeting with Third Eye, we had a conference call with ECP. I was told that ECP wanted Third Eye to remain a lender, but to subordinate to new financing provided by ECP. The financing to be provided by ECP would acquire more oil and gas fields, construct the pipeline to the Horn River basis, and, thereby, significantly increase revenue which would be used to repay the debt owed to Third Eye. I advised Horrox of ECP's plan and he advised that Third Eye was not interested. Through the latter part of May, 2018, Ranch continued working closely with Third Eye to evaluate transactions that would improve the collateral base of Third Eye and offer solutions for debt repayment or increased working capital.

65. On May 30, 2018, I had a conference call with Tidewater and Third Eye to discuss a path forward in which Tidewater would become partial or full owner of the of the Wildboy gas plant. In that call, Reed McDonnell ("**McDonnell**"), the Vice-President of Tidewater, advised that Tidewater would be interested in purchasing a 20% interest in the Wildboy gas plant for a purchase price of $5,000,000 in a combination of cash and in-kind consideration. He advised that the plant could be worth as much as $100,000,000 if the plant was connected to the Horn River basin and if LNG approvals were issued for various operators. McDonnell further validated the potential value of the Wildboy gas plant determined by Jedex. The value of the plant by itself was sufficient to repay all of the Ranch's indebtedness. Following the call with McDonnell, Horrox instructed me to obtain a LOI with Tidewater for the purchase of a 20% interest in the plant. On June 5, 2018, Tidewater issued an LOI to Ranch in respect of the Wildboy gas plant.

F. Notice and forbearance

66. On June 5, 2018, without any warning, Third Eye issued section 244 notices to all of the Applicants under the *Bankruptcy and Insolvency Act*. This came as a surprise to me because in my last telephone call with Horrox the previous Friday, he said that Third Eye was willing to move forward with the purchase of Predator's shares (at this time I had not yet caused 211 Alberta to acquire all of Predator's shares). Following receipt of the section 244 notices, I along with Ranch's CFO Matt Braaten, had a telephone call with Horrox. During that call, Horrox said that Third Eye planned to take over the businesses of the Applicants and replace me as CEO. Horrox said that I

could either fight or work with them, but it would be better for me if I worked with them because I should be concerned about my personal assets. I responded that my first priority was to perform my fiduciary duty to all effected stakeholders and I would need to understand Third Eye's plan in order to decide what my position would be. I asked for details on Third Eye's plan to permit me to assess its feasibility and whether it would create sufficient value to repay Third Eye's loans. Horrox did not provide any details of Third Eye's plan. In this call, I informed him that I was concerned that Third Eye's conduct could trigger enforcement actions by the BCOGC which would either destroy the remaining value of the PNG Assets or trigger an obligation to provide substantial security deposits. Horrox was completely dismissive of this risk.

67. On the evening of June 6, 2018, Third Eye served two statements of claim against me on my personal guarantees associated with the Ranch and OpsMobil credit facilities.

68. During the week of June 5, 2018, I had a number of telephone conversations with Horrox to obtain and understanding Third Eye's plans. He indicated, in short, that a receiver of Ranch would disclaim the non-producing wells and put them in the orphan well fund, and roll the good wells into a new company led by a new team. Horrox advised me that through this process, Third Eye would rid Ranch of about $80 million in liabilities. He told me that the focus of the new company would be Wildboy field, including the Wildboy gas plant, and that he hoped, by having the receiver disclaim the wells which were liabilities, to achieve an LMR of approximately 1.7. With an LMR at this level, he expected that there would be no need for a security bond. In response I explained to him that, as a director of Ranch, I could not support that plan without first exhausting other realistic options, and I expressed the view that this had not been done that, and, moreover, Ranch had not been provided with an opportunity to explore other options. I also noted that the BCOGC would require a substantial security deposit on any license transfer.

69. It was very clear to me from my conversations with Horrox, that Third Eye did not understand the scale or complexities of Ranch's operations or the regulatory regime. At that point, I suggested to Horrox, that Ranch and Third Eye, should focus on the negotiation of a forbearance agreement which would provide Ranch with a reasonable period time to sell the Wildboy gas plant in order to pay Third Eye out. Third Eye indicated that it were not interested negotiating a forbearance as it had already given us enough time.

70. In order to meet certain payroll requirements for the June 8, 2018 payday I asked Middleton, one of our natural gas buyers, to advance payment early. Middleton advanced $200,000. When the funds arrived in Ranch's account, Third Eye swept the funds to its accounts and then refused to release the funds unless a forbearance agreement was concluded. This left the OpsMobil Group without the funds to pay its employees. For this period all employees remained unpaid including those operating the oil and gas assets owned by Ranch. This event triggered complaints to the B.C. Employment Standards Branch, from which OpsMobil later received a notice dated June 21, 2018. Although Horrox in his affidavit blames OpsMobil for failing to make payroll, it was caused by Third Eye taking and withholding funds that had been advanced by Middleton. Third Eye also prevented OpsMobil from making its payroll due on June 22, 2018 on time by abandoning the forbearance budget discussions, as detailed below.

71. During the negotiation of the forbearance terms and conditions which, it became immediately clear that Third Eye was attempting to present terms that were neither achievable nor realistic. When Horrox initially called me to discuss the terms of the forbearance Third Eye was about to propose he said Third Eye was not going to request Ranch to file a notice of intention to file a proposal under the *Bankruptcy and Insolvency Act*, but he said that he expected that, notwithstanding a forbearance agreement, he expected Ranch to end up in bankruptcy. This comment, along with similar comments made by Horrox, led me to believe that Third Eye had no intention of working with the Applicants to find a reasonable means by which they could pay the debt owed to Third Eye.

72. On June 18, 2018, the Applicants executed a term sheet for proposed a forbearance agreement however, the terms and conditions of a formal forbearance agreement were never agreed to by the parties. On June 20, 2018 Third Eye presented the Applicants with a draft forbearance the terms of which were materially different from those in the term sheet.

73. One of the terms of the proposed forbearance agreement required the Applicants to submit a budget for the three week forbearance period approved by Third Eye. On June 22, 2018, I attempted to finalize the budget with Horrox in order to get access to the proposed forbearance funding. This proved to be impossible as Horrox was not prepared to approve a budget which provided sufficient funds to pay the OpsMobil employees. In a telephone conversation of June 22,

Horrox concluded our discussion about the budget with the words "you're done", and hung up the telephone. I understood Horrox's comment to mean that he was going to apply to have a receiver appointed the assets of OpsMobil and Ranch.

74. On June 26, 2018, I telephoned Horrox. He told me that he did not think that the parties would get anywhere with the forbearance agreement. I told him that I was working to get Third Eye paid out. He told me that I had better do it quickly because Third Eye intended to liquidate the Applicants.

75. On the evening of June 27, 2018, the Applicants were served with the Receivership Application.

76. On June 28, 2018 I received a voicemail from Horrox reminding me of my fiduciary duty to Third Eye. That afternoon I attended a meeting with the OGC. The OGC had requested that I attend in order to discuss issues concerning the maintenance of all of the fields under the Predator licences. Third Eye had put the Predator licences in jeopardy by not permitting Ranch to have enough funding to deal with all of the maintenance requirements.

IV. ASSETS AND LIABILITIES

A. Financial Statements

77. Sproule Niven Fischer Limited ("**Niven Fischer**"), an independent third party, has evaluated Ranch's reserves. Attached as exhibit is the agreement. Attached hereto as **Exhibit "N"** is a true copy of the reserve report prepared by Niven Fischer in respect of the PNG Assets.

B. Ranch's Assets and Liabilities

78. Ranch's current assets have an estimated total book value of $87,327,492.00 as of December 31, 2017. A more detailed description of Ranch's assets are set out in the table below.

Asset	**Value**
Cash and cash equivalents	$561,625
Restricted cash	$2,633,979
Accounts receivable	$2,933,410
Prepaid expenses & deposits	$369,935
Property, Plant & Equipment	$80,798,543
Total	**$87,327,492**

79. Ranch's current liabilities amount to $92,769,878. A more detailed description of Ranch's assets are set out in the table below.

Liability	Value
Accounts payable and accrued liabilities	$12,232,945
Note payable (Third Eye)	$13,000,000
Shareholder loan	$250,000
Decommissioning Liabilities	$67,286,933
TOTAL	**$92,769,878**

C. OpsMobil's Assets and Liabilities

80. OpsMobil's current assets have an estimated total book value of $24,643,991 as of May 31, 2018. A more detailed description of OpsMobil's assets are set out in the table below.

Asset	Value
Cash in bank	$438,554
Receivables	$7,140,960
Prepaids	$909,340
Inventory	$2,645,405
Capital Assets	$12,057,029
Investment in KL Capital	$1,493,703
Total	**$24,693,991**

81. OpsMobil's current liabilities amount to $57,156,669 as of May 31, 2018. A more detailed description of OpsMobil's assets are set out in the table below.

Liability	Value
Operating Line (Third Eye)	$11,722,716
Accounts Payable	$24,667,645
Corporate income taxes	$(130,941)
Payroll accrual	$270,321
Loans (Third Eye & Others)	$17,688,808
Shareholder / Related Party	$2,938,120
TOTAL	**$57,156,669**

D. Primary Secured Indebtedness

82. As is set out in the tables at paragraphs 79 and 81 above, the primary secured indebtedness of both Ranch and OpsMobil is held by Third Eye.

E. Cashflow

83. Ranch has prepared a weekly cash flow forecast (the "**Ranch Cash Flow Forecast**") for the 13-week period from July 2, 2018 to September 29, 2018 (the "**Cash Flow Period**"). A copy of the Ranch Cash Flow Forecast, together with a summary of assumptions (the "**Ranch Cash Flow Forecast Assumptions**") and Management's report on the cash-flow statement (the "**Ranch Cash Flow Statement**") required by section 10(2)(b) of the CCAA are attached hereto as Exhibit "O".

84. The Ranch Cash Flow Forecast shows positive available cash flow for its operations of approximately $72,000 by the end of July 14, 2018, which requires the use of $400,000 in Interim financing. Ranch will require additional Interim Financing of approximately $3.5 million over the Cash Flow Period to allow Ranch to fund operations and restructure its affairs.

85. OpsMobil has prepared a weekly cash flow forecast (the "**OpsMobil Cash Flow Forecast**") over the Cash Flow Period. A copy of the OpsMobil Cash Flow Forecast, together with a summary of assumptions (the "**OpsMobil Cash Flow Forecast Assumptions**") and Management's report on the cash-flow statement (the "**OpsMobil Cash Flow Statement**") required by section 10(2)(b) of the CCAA are attached hereto as Exhibit "P".

86. The OpsMobil Cash Flow Forecast shows positive cash flow from operations during the Cash Flow Period of approximately $78,000. The funding of OpsMobil operations is largely obtained by advances from Ranch as OpsMobile, for the most part, provides management services to Ranch.

I. CURRENT APPLICATIONS

A. Prejudicial Effect of a Receivership

87. A Receiver has no practical ability to market and sell the Wells and Facilities and in fact would exasperate the current risk to the Permits and the value of the Wells and Facilities. In my

experience, any rational purchaser of the Wells and Facilities would require the Permits relating to either be transferred to it or be held by a financially viable permit holder. In this case, there are significant hurdles to a Receiver securing those Permits without the cooperation of Predator.

88. As discussed earlier, Predator holds the Permits to the Wells and Facilities issued by the OGC in trust pending Ranch and Predator having an LMR that would permit the transfer by Predator of the Permits to Ranch. Under section 3.1(c) of the Trust Agreement, Ranch is required on a best efforts basis and at its cost to do such acts and execute and deliver such further assurances to give effect to the transfer of the Permits, including making deposits.

89. While Ranch can require the conveyance of a portion of the Permits, Predator is permitted in its sole discretion, acting in a commercially reasonable manner, to refuse to transfer a portion of the Permits. As related in a letter from counsel to Predator dated June 28, 2018, as of May 31, 2018, Ranch owes to Predator:

(a) $960,654.44 on account of fees and costs payable under Article 4 of the Trust Agreement;

(b) $3,330,020.25 on account of amounts still owing under the PSA;

(c) $73,500 on account of amounts payable under a transition services agreement dated July 7, 2018.

90. As a result of these arrears, neither Ranch nor a receiver would be able to compel Predator to transfer the Permits to Ranch. These arrears would have to be paid by a Receiver in order to be able to compel Predator to transfer the Permits to Ranch.

91. In addition, Predator has paid a security deposit to the OGC in the amount of $15,000,000. If a Receiver attempted to renounce the working interest of Ranch in the non-producing Wells under section 14.06(4) of the *Bankruptcy and Insolvency Act*, it is likely that that security deposit would be lost. That would also prejudice the former shareholders of Predator, who are still owed $7,000,000 on account of the purchase price for the shares and have security over the assets of 211 Alberta, including those shares.

92. The liability management rating (**"LMR"**) of the PNG Assets is 0.96. The OGC does not stipulate that a transferee and transferor of permits must have a post-transfer LMR of at least 1.0.

The OGC exercises its discretion on whether to approve a transfer application based on whether the transferee will have the means to carry out its abandonment and reclamation obligations. The deemed liabilities for the PNG Assets as of June 2018 was $104,749,480, and their deemed assets were $102,610,129. The latter includes a $15,000,000 security deposit filed by Predator.

93. However, the OGC determines whether it will require a security deposit as a condition to approving transfers of permits by projecting the deemed asset value 24 months in the future, incorporating calculated production declines and estimated price forecasts. If there is a deficiency, a transferee must commit to carrying out abandonment and reclamation work to reduce deemed liabilities, drilling to increase deemed asset values, or post security.

94. Given that Ranch did not carry out capital expenditures in respect of the PNG Assets, the projected deemed liabilities over 24 months have declined. I would estimate that the deficiency is now $25,000,000.00, and that the OGC would likely require that as a security deposit.

95. Nowhere in its materials in support of the Receivership Application has Third Eye indicated that it is aware of these issues or is prepared to advance to the Receiver any amounts required on account of a security deposit.

B. Intended Course of *CCAA* Proceedings

96. The key to unlocking the value of the Wells and Facilities is securing the Permits and ensuring there is sufficient flow of gas into the Facilities to make them profitable.

97. In order to protect maximize the value of the PNG Assets for all of the stakeholders of Ranch, and ensure that the Permits were protected, I caused 211 Alberta to acquire all of the shares in Predator. Provided that the economic interests of Predator's stakeholders are protected, including those of the former shareholders, I intend to cause Predator to assist the Applicants in securing the Permits for the benefit of all of the stakeholders of Ranch, including Third Eye.

98. With the assistance of Predator, the Applicants intend to develop a Plan with the following features:

(a) Predator would continue under the *ABCA* and amalgamate with Ranch pursuant to a Plan that is a plan of compromise and arrangement under the *CCAA* and a plan of arrangement under the *ABCA*, to form an amalgamated corporation ("**Amalco**" and the amalgamation being the "**Amalgamation**");

(b) 211 Alberta would be issued a convertible secured debenture for the amount of its economic interest being contributed, which would rank equally with the security in favour of Third Eye, and would be convertible into common shares of Amalco;

(c) Under the Plan, the unsecured creditors of the Applicants would also be issued secured convertible debentures for a portion of what is owed to them by the Applicants (with the remaining amount being released), convertible into common shares of Amalco;

(d) As a result of the Amalgamation, all of the Permits by operation of law would be held by Amalco;

(e) The Monitor would carry out a sale and investment solicitation process with respect to the PNG Assets in order to recapitalize Amalco and/or repay Third Eye.

C. Critical Suppliers

99. Niven Fisher has been providing critical administration and management services to Ranch since July 10, 2017. The services provided by Niven Fischer include, among other things, key responsibilities for the land and accounting functions of Ranch, pay all taxes and fees and other expenses relating to Ranch's business (to the extent funds are available to do so) and providing geological, engineering, administrative, corporate and advisory services as requested by Ranch. Niven Fischer has provided these and other key services to maintain the Assets of Ranch including ensuring payment of surface and mineral leases and other critical amounts necessary for Ranch to continue its operations during this period. Niven Fischer is owed approximately $900,000 by Ranch for these services. Niven Fischer has requested payment of $150,000 as a critical supplier of services to Ranch in the event that Ranch obtains creditor protection.

II. APPLICANTS MEET THE *CCAA* STATUTORY REQUIREMENTS

A. Each Applicant is a "Company" under the *CCAA*

100. As discussed above, each of the Applicants is a corporation incorporated pursuant to the laws of the Province of Alberta.

B. Each Applicant has Claims against it in Excess of $5,000,000.00

101. As discussed above, the Applicants have claims against it in excess of $5 million.

C. Applicants are Insolvent

102. The liabilities of Ranch and OpsMobil exceed their respective assets. Further, Third Eye has alleged in their Affidavit that the Applicants are insolvent.

III. RELIEF SOUGHT

103. This Affidavit is made in support of an Application by the Applicants for an Initial Order under the *CCAA*, among other things:

(a) adjourning the Receivership Application *sine die*;

(b) declaring that the Applicants are companies to which the *CCAA* applies;

(c) staying all proceedings and remedies taken or that might be taken in respect of the Applicants, except as otherwise set forth in the Initial Order or otherwise permitted by law;

(d) authorizing the Applicants to carry on business in a manner consistent with the preservation of its property and business;

(e) appointing Alvarez & Marsal Canada Inc. LIT ("**Alvarez**" or in such capacity, the "**Monitor**") as the proposed Monitor of the Applicants in these proceedings;

(f) approving the Predator Commitment and the interim financing facility (the "**Interim Facility**") created thereunder, authorizing the Applicants to borrow up to $400,000.00 from Predator, and granting to Predator a charge securing the principal amounts advanced under the Interim Facility together with interests and costs thereon;

(g) requesting the aid, recognition and assistance of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, or in the United States, or in any other sovereign jurisdiction to give effect to the Initial Order and other orders in these proceedings; and

(h) deeming service of the Application for the Initial Order to be good and sufficient.

104. The directors of the Applicants have approved, or have resolved to grant authority to management to approve, the commencement of proceedings under the *CCAA*.

B. Stay of Proceedings

105. The Applicants require a stay of proceedings to (i) maintain the *status quo* in order to preserve the value of the Applicants, their undertakings and assets, and to ensure that none of the creditors of the Applicants obtain preferred treatment relative to other creditors, and (ii) provide the Applicants with the opportunity to finalize the arrangements and agreements necessary to be able to formally present a *CCAA* Plan for approval by their creditors and this Honourable Court.

C. Appointment of Proposed Monitor

106. Alvarez has been involved in the refinancing process of Ranch and OpsMobil, and is familiar with the business and operations thereof.

107. I believe that Alvarez is qualified and competent to act as Monitor under the CCAA proceedings of the Applicants. Attached hereto as **Exhibit "Q"** is a copy of a Consent to Act as Monitor, executed by Alvarez.

IV. CASH FLOW PROJECTIONS

108. The Applicants' cash flow forecasts project that, subject to obtaining the relief outlined herein, it will have sufficient cash to fund their projected operating costs until the end of the stay period.

V. CONCLUSION

109. I swear this my Affidavit in support of an Application for the relief set out in the proposed form of Order attached to the Application filed concurrently herewith, and for no other or improper purpose.

SWORN BEFORE ME at Calgary, Alberta, this 3rd day of July, 2018	)))))	
A Commissioner for Oaths in and for the Province of Alberta	))	RYAN TOBBER

Anthony Mersich
Barrister and Solicitor

THIS IS EXHIBIT "A" REFERRED TO IN

THE AFFIDAVIT OF RYAN TOBBER

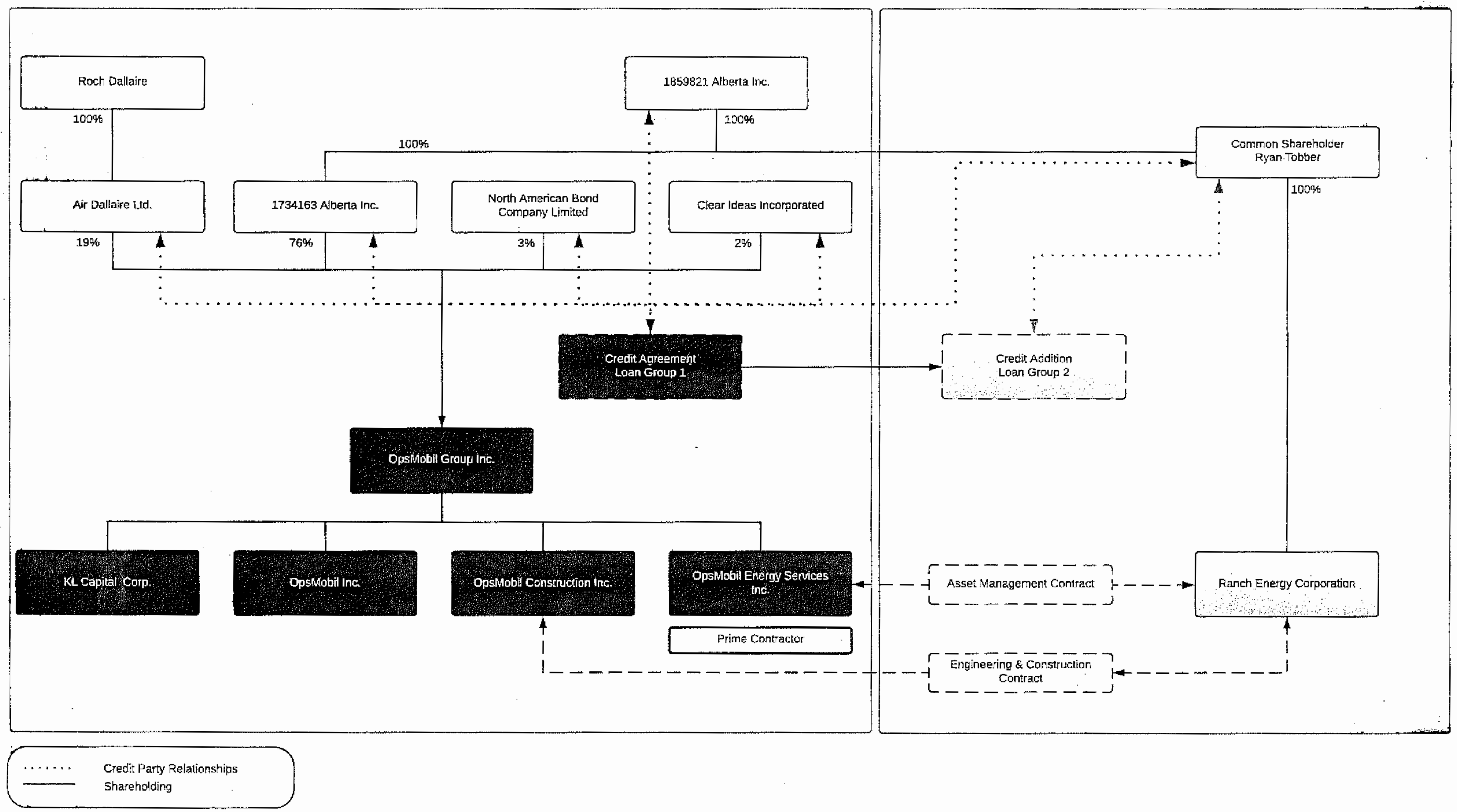
SWORN BEFORE ME

THIS 3RD DAY OF JULY, 2018

A Commissioner of Oaths
in and for the Province of Alberta

Anthony Mersich
Barrister and Solicitor

Corporate Chart for Credit Parties



THIS IS EXHIBIT "B" REFERRED TO IN

THE AFFIDAVIT OF RYAN TOBBER

SWORN BEFORE ME

THIS 3RD DAY OF JULY, 2018

A Commissioner of Oaths
in and for the Province of Alberta

Anthony Mersich
Barrister and Solicitor

PURCHASE AND SALE OF ASSETS

This Agreement dated the 14th day of December, 2017,

BETWEEN:

OPSMOBIL GROUP INC.,
OPSMOBIL INC. and
OPSMOBIL ENERGY SERVICES INC.
bodies corporate duly formed
pursuant to the laws of the Province of Alberta

(collectively, "OpsMobil")

OF THE FIRST PART

-and-

AIRBORNE ENERGY SOLUTIONS INC.
a body corporate duly incorporated
pursuant to the laws of the Province of Alberta

("Airborne")

OF THE SECOND PART

RECITALS:

A. OpsMobil is the owner and operator of a certain assets used in a business of aerial surveillance and scanning, chemical spraying and local charters located in the Province of Alberta and elsewhere in Canada (the "Business", as more particularly defined in Section 1.2 below");

B. OpsMobil has agreed to sell the Business to Airborne and Airborne has agreed to buy the Business from OpsMobil on the terms and subject to the conditions of this Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Recitals

The recitals to this Agreement form part of this Agreement.

1.2 Definitions

Certain words and phrases which are used in this Agreement have the meanings which are ascribed to them, respectively, in this Section:

"**Accounts Payable**" means the total amount of $1,748,652.23 owed by the Vendor to the Affiliates of Purchaser as of the Effective Date related to the Business.

"**Affiliate(s)**" means, as applied to the Vendor, any other Person directly or indirectly controlling, or controlled by or under common control with that Person. For the purposes of this definition, "control" (including with correlative meanings, the terms "controlling", "controlled by" and "under common control with") as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through ownership of voting securities, by contract, influence or otherwise.

"**Affiliates of Purchaser**" means Classic Helicopters Ltd. and Rilpa Enterprises Ltd.

"**Agreement**", "**hereto**", "**hereof**", "**herein**", "**hereby**", "**hereunder**" and similar expressions refer to this Purchase and Sale of Assets Agreement and the attached Schedules, as amended from time to time, and "**Article**", "**Section**", "**Subsection**", "**Paragraph**", "**Subparagraph**" and "**Schedule**" followed by a number or letter refer to the specified article, section, subsection, paragraph, subparagraph or schedule, as the case may be, of this Agreement.

"**Aircraft**" means the fixed wing aircraft registered in Canada and more properly identified in Schedule A attached hereto including, without limitation, collectively all related engines, components, instruments, avionics, accessories, navigational and communications equipment, appliances, auxiliary power units, modules, parts, appurtenances, accessories, furnishings or other goods, equipment or personal property (including "Proceeds" as that term is defined in the *Personal Property Security Act* (Alberta)) of whatsoever nature or kind, including that may from time to time be incorporated or installed in or attached to the airframe, components, parts or other equipment or that may be detached or removed from the airframe, components, parts or other equipment, and all records, logs, maintenance records and schedules, manuals, catalogues, reports, lists, specifications, service bulletin compliance records, technical records or data in respect of such fixed wing aircraft, their airframe, components, parts or other equipment, excepting Excluded Parts Inventory.

"**Aircraft AOC**" means the air operator certificate and license issued by Transport Canada to OpsMobil Inc. in order to enable it to operate the Aircraft, being AOC #6458.

"AMO" means the Approved Maintenance Organization license issued by Transport Canada to Inc., being AMO #203-92.

"Ancillary Agreements" means all agreements, certificates and other instruments delivered or given pursuant to this Agreement.

"Assets" means all assets of any nature and kind, real property and personal property, which the Vendor has an interest in related, directly or indirectly to the Business, including, without limitation, the Aircraft, Helicopter, Lands, Leases, Improvements, Equipment, Vehicles, Contracts, Licenses, Intellectual Property, Software, Books and Records, Goodwill and Miscellaneous Interests, excepting the Excluded Assets, free and clear of all Encumbrances.

"Books and Records" means all information in any form relating to the Business and Assets including books of account, financial and accounting information and records, personnel records, sales and purchase records, customer and supplier lists, lists of potential customers, referral sources, research and development reports and records, production reports and records, equipment logs, operating guides and manuals, governance and safety procedures, operating manual, maintenance control manual, copies of all documents, policies, manuals, procedures and other precedents required and necessary to assist the Purchaser in obtaining Air Operator Certificates and AMO for the Aircraft and Helicopter, business reports, plans and projections, marketing and advertising materials and other document, files, correspondence and other information (whether in written, printed, electronic or computer printout form, or stored on computer discs or other data and software storage and media devices).

"Business" means the ongoing business, assets and undertakings of the Vendor, as a whole, as conducted as of the Effective Date, related to its aerial surveillance and scanning, chemical spraying and local charter businesses operated by the Vendor and/or its Affiliates in the Province of Alberta and elsewhere in Canada, excluding any such operations in the United States of America.

"Business Day" means any day other than a Saturday, Sunday or statutory holiday in Alberta.

"Cash Difference" means an amount equal to the Purchase Price less the Accounts Payable to be paid by the Purchaser to the Vendor on Closing.

"Closing" means the completion of the transaction of purchase and sale contemplated by this Agreement.

"Closing Date" means 10:00 a.m. Calgary time on December 20, 2017 or such earlier or later date as the parties may mutually agree upon in writing.

"Contracts" means, collectively, Customer Service Contracts and Vendor Contracts.

"Customer Service Contracts" means all agreements, contracts, licenses, undertakings, engagements or commitments of any nature whatsoever, written or oral, which the Vendor has with Third Parties who are, as of the Effective Date, the customers and clientele of the Business, as disclosed to and accepted by the Purchaser at Closing, including without limitation, any and all master service agreements, customer contracts, work orders, customer order agreements and unfilled purchase orders.

"Effective Date" means November 1, 2017.

"Employees" means those employees and independent contractors of the Vendor related to the Business which the Purchaser will make offers of employment to as listed in Schedule A attached hereto.

"Encumbrances" means any mortgage, charge, pledge, hypothec, security interest, assignment, lien (statutory or otherwise), title defect, title retention agreement or arrangement, conditional sale, deemed or statutory trust, prior claim, restriction on transfer, obligation to bring the Assets into good and proper standing without default, restrictive covenant or other encumbrance of any nature or kind which, in substance, secures payment or performance of an obligation, excepting for Permitted Encumbrances and Purchaser's Encumbrances.

"Environmental Laws" means all applicable laws of and agreements with a Governmental Authority and all other statutory requirements relating to public health or the protection of the environment, including civil law and common law responsibility for acts or omissions with respect to the environment.

"Environmental Liabilities" means all liabilities in respect of the environment which relate to the Assets or Business or which arise in connection with the ownership thereof or operations pertaining thereto, including without limitation, liabilities related to or arising from:

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

(ii) release, spill, escape or emission 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 clean-up, damages and losses resulting from the items described in items (i)-(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 restore or protect the environment. For the purposes of this Agreement, the environment includes, without limitation, the air, the surface and subsurface of the

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earth, bodies of water (including, without limitation, rivers, streams, lakes and aquifers) and plant, human and animal life.

"Equipment" means all chattels and equipment of every nature and kind, wherever located, owned or leased and used by the Vendor in the operation of the Business as of the Effective Date, including without limitation, surveillance and scanning equipment, aerial spray equipment, fuel, oil, cache equipment, snow clearing equipment, tools, instruments, office furniture, computers and all fueling and refueling equipment at the Whitecourt Facility, but does not include the Excluded Assets. The term "Equipment" collectively includes equipment owned by the Vendor and the Leased Equipment.

"Estoppel Certificate" means, collectively, certificates from Landlords of the Leases verifying and representing on Closing that all obligations of the Vendor pursuant to the Leases have been fully complied with and there are no outstanding complaints or defaults on behalf of the Vendor.

"Excluded Assets" means:

(i) Excluded Parts Inventory;
(ii) All helicopters located at the Whitecourt Facility or otherwise which are not listed in Schedule A; and
(iii) all bank accounts and accounts receivable of the Vendor before the Effective Date.

"Excluded Parts Inventory" means those parts, components and accessories located at the Whitecourt Facility which have been separated from the Assets at the Whitecourt Facility and identified by the Vendor to the Purchaser as of the date of execution of this Agreement.

"Facilities" means collectively the Whitecourt Facility, Rocky Mountain House Facility and Villeneuve Facility.

"Goodwill" means all customer lists, trade secrets, passwords, marketing techniques, telephone and facsimile numbers and related telephone lines used at the Facilities and business records and the right of the Purchaser to represent itself as carrying on the Business.

"GST" means the Goods and Services Tax pursuant to the *Excise Tax Act* (Canada) that may be payable in connection with the transaction contemplated by this Agreement.

"Governmental Authority" means any federal, provincial or local government or governmental regulatory body and any of their respective boards, subdivisions, agencies, instrumentalities, authorities or tribunals.

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"Hazardous Substance" means any pollutants, contaminants, dangerous goods or substances, toxic, radioactive or hazardous substances or materials, asbestos, polychlorinated biphenyls, and includes and substance, material chemical or waste that is prohibited, controlled or regulated by any Governmental Authority pursuant to Environmental Laws.

"Helicopter" means the helicopter registered in Canada and more properly identified in Schedule A attached hereto including, without limitation, collectively all related engines, rotors, blades, components, instruments, avionics, accessories, navigational and communications equipment, appliances, auxiliary power units, modules, parts, appurtenances, accessories, furnishings or other goods, equipment or personal property (including "Proceeds" as that term is defined in the *Personal Property Security Act* (Alberta)) of whatsoever nature or kind, including that may from time to time be incorporated or installed in or attached to the airframe, components, parts or other equipment or that may be detached or removed from the airframe, components, parts or other equipment, and all records, logs, maintenance records and schedules, manuals, catalogues, reports, lists, specifications, service bulletin compliance records, technical records or data in respect of such helicopters, their airframe, components, parts or other equipment.

"Helicopter AOC" means the air operator certificate and license issued by Transport Canada to OpsMobil Inc. in order to enable it to operate the Helicopter, Leased Helicopters and other helicopters operated by the Vendor, being AOC #5404.

"Helicopter Leases" means the interest of the Vendor in lease agreements between the Vendor and the Affiliates of the Purchaser in respect of the Leased Helicopters existing prior to the Effective Date related to the Business.

"Improvements" means all buildings, structures, fixtures, utilities, landscaping, paving, walkways, parking and delivery facilities, airside apron and any other improvements in or under the Lands and Leased Lands.

"Intellectual Property" means in whatever format, all registered and unregistered trade-marks, trade names, logos, commercial symbols, industrial designs, circuit topography, service marks, copyrights, patents, licenses, sublicenses, computer software rights, inventions, business plans, certifications, applications, registrations, trade secrets, know-how, patterns, drawings, formulas, technical information, merchandising information and materials, research and development data, concepts, methods procedures, designs, royalties, and other intellectual and industrial property of or pertaining to the Business and Assets.

"Interim Operation" means the operation of the Business and Assets by the Purchaser for the Interim Period.

"Interim Period" means the period between the Effective Date and the Closing Date.

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"Lands" means all the freehold lands legally and beneficially owned by the Vendor as more properly described in Schedule A attached hereto.

"Landlords" means, collectively, the landlords of the Leases.

"Leases" means the Vendor's interest in the agreements related to the Leased Lands, including all leases, licenses, extensions, renewals, replacements or substitutions thereof or further documents of title issued pursuant thereto, more properly described in Schedule A attached hereto.

"Leased Equipment" means the interest of the Vendor in only the leases of equipment which the Purchaser has acknowledged before Closing that it is prepared to assume and accept assignment thereof.

"Leased Helicopters" means the helicopters owned by the Affiliates of the Purchaser leased to the Vendor, as more properly described in Schedule A attached hereto.

"Leased Lands" means all the lands in respect of which the Vendor has a leasehold interest and right to use, occupy and possess such lands, as more properly described in Schedule A attached.

"Leased Vehicles" means the interest of the Vendor in only the leases of motor vehicles which the Purchaser has acknowledged before Closing that it is prepared to assume and accept assignment thereof.

"Legal Proceedings" means any litigation, action, suit, citation, investigation, hearing, claim, complaint, grievance, arbitration proceeding or other proceeding and includes any appeal or review and any application for same.

"Licenses" means all licenses and permits necessary to use, keep, operate, maintain, repair the Assets and Business which the Purchaser has acknowledged before Closing that it is prepared to assume and accept assignment thereof, including without limitation, the Aircraft AOC and AMO, but excluding the Helicopter AOC.

"Licensed Software" means all software licensed to the Vendor that is used in the Business which the Purchaser has acknowledged before Closing that it is prepared to assume and accept assignment thereof.

"Miscellaneous Interests" means all of the rights and interest of the Vendor in the Assets related to the Business which have not otherwise been separately identified and described herein, including without limitation, title and operating documents, use of the name: "Airborne Energy Solutions", etc.

"**MOSS**" means the proprietary Software abbreviated for Dispatch Scheduling System.

"**Notice**" has the meaning set out in Section 7.1 of this Agreement.

"**Party or Parties**" means the Vendor and Purchaser, respectively or collectively, together with their respective heirs, executors, administrators, successors and permitted assigns.

"**Permitted Encumbrances**" means:

(i) the reservations, limitations, provisions and conditions in any original grants from the Crown of any of the Lands and statutory exceptions to title;

(ii) easements, rights of way, servitudes and other similar rights granted in the ordinary course of business to a public utility, municipality or governmental authority with respect to the operations pertaining to the Lands; and

(iii) the rights reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, license, grant or permit or by any other statutory provision.

"**Person**" means an individual, a partnership, a corporation, a trust, an unincorporated organization, a government or any department or agency thereof and their respective heirs, executors, administrators, successors, permitted assigns, receivers and trustees.

"**Purchaser**" means Airborne Energy Solutions Inc. having an office at 480 Aviation Way N.E. Calgary, AB T2E 7G3.

"**Purchaser's Encumbrances**" means collectively any debt, lien, claim or cause of action arising and solely attributable to the Purchaser and the Interim Operation for the Interim Period.

"**Purchase Price**" means the sum of Three Million Two Hundred and Seventy Five Thousand ($3,275,000.00) Dollars, exclusive of GST.

"**Purchaser's Solicitor**" means Michael W. Mudie, Barrister and Solicitor, 520 Crescent Road N.W. Calgary, AB T2M 4A5.

"**Rocky Mountain House Facility**": means the Vendor's interest in the Improvements, Leases, Leased Lands and Equipment located at the premises located at the Rocky Mountain House Airport in Rocky Mountain House, AB, and as more properly described in Schedule A attached hereto.

"Software" means computer software and programs (in both source code and object code form), all proprietary and Licensed Software and programs and all documentation and other materials related to the computer software and programs and includes, without limitation, WARS and MOSS.

"Statement of Adjustments" has the meaning set out in Section 2.3(c).

"Transition Services Agreement" means an agreement to be entered into between the Parties related to the operation of the Aircraft, Helicopter, Leased Helicopters and Business after Closing to ensure the Business is fully integrated with the Purchaser.

"Taxes" means all taxes, charges, fees, imposts, duties, levies, withholdings or other assessments imposed by any Governmental Authority, and any interest, fines, penalties or additions to tax attributable to or imposed on or with respect to any such assessment.

"Third Parties" means any Person not a Party to this Agreement.

"Vehicles" means those motor vehicles of every nature and kind, wherever located, used by the Vendor in conjunction, directly or indirectly, with the operation of the Business as of the Effective Date, including without limitation, those motor vehicles identified and described in Schedule A attached hereto. The term "Vehicles" collectively includes motor vehicles owned by the Vendor and the Leased Vehicles.

"Vendor" means collectively OpsMobil Group Inc. (**"Group"**), OpsMobil Inc. (**"Inc."**), OpsMobil Energy Services Ltd. (**"Energy Services"**), and any related or affiliated corporation, person or other entity having an interest of whatsoever nature in the Assets notwithstanding that they are not a signatory to this Agreement, having an office at 1200, 815-8th Avenue S.W. Calgary, AB T2P 3P2.

"Vendor Contracts" means collectively any agreement, contract, license, undertaking, engagement or commitment of any nature whatsoever, written or oral, with Third Parties related to the Business, not otherwise defined in this Agreement, as disclosed to and accepted by the Purchaser at Closing, including without limitation, any and all forward commitment for supplies, services or materials.

"Villeneuve Facility" means the Vendor's interest in the Improvements, Lease, Lease Lands and Equipment located at the premises municipally described as #22 Villenueve Airport, 27018 SH 633 Sturgeon County, AB T8T 0E3, and as more properly described in Schedule A attached hereto.

"WARS" means the proprietary Software abbreviated for Web Anomaly Reporting System.

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"Whitecourt Facility" means the Vendor's interest in the Improvements, Lands, Leases, Equipment and Leased Lands located at the premises municipally described as Hangar 1, Whitecourt Airport, Whitecourt, AB V7S 1P1, and as more properly described in Schedule A attached hereto.

1.3 Extended Meanings

Words importing the singular include the plural and vice versa. Words importing the masculine, feminine or neuter genders include the other genders.

1.4 Headings

The insertion into this Agreement of headings and the inclusion of a table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and, except as stated in this Agreement and the instruments and documents to be executed and delivered pursuant to this Agreement, contains all of the representations, undertakings and agreements of the parties. This Agreement supercedes all prior negotiations or agreements between the parties, whether written or verbal, with respect to the subject matter of this Agreement.

1.6 Currency, Cheques and Bank Drafts

Unless otherwise expressly stated in this Agreement, all reference to money shall refer to Canadian funds. Cheques and bank drafts shall be drawn in immediately payable Canadian funds at a branch in Canada of a Schedule 1 Canadian chartered bank or other financial institution acceptable to the Vendor.

1.7 Severability

If any provision contained in this Agreement or its application to any Person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such provision to Persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected.

1.8 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the applicable laws of Canada. References to statutes shall be deemed, unless otherwise stated, to be references to such statutes as they exist on the date of this Agreement. The Courts having jurisdiction in Alberta shall have exclusive jurisdiction in relation to any legal proceeding arising in connection with this Agreement.

1.9 Day not a Business Day

If the date upon or by which anything under this Agreement is to occur or may occur falls on a Saturday, Sunday or statutory holiday in Alberta, such date shall be deemed to be the next ensuing Business Day, and any period of time measured by such date shall be extended to include the next business Day.

1.10 Time

Time shall be of the essence of this Agreement.

ARTICLE 2
PURCHASE AND SALE

2.1 Purchase and Sale

The Purchaser agrees to purchase the Assets from the Vendor, and the Vendor agrees to sell the Assets to the Purchaser, free and clear of all Encumbrances, on the terms and subject to the terms and conditions contained in this Agreement, for the Purchase Price, subject to adjustments as provided in this Agreement, payable by the Purchaser assuming the obligation to repay the Accounts Payable and by the Purchaser paying to the Vendor the Cash Difference by lawyer's trust cheque(s), certified cheque(s) or bank draft(s) payable on the Closing Date.

2.2 Purchase Price Offset and Assumption of Indebtedness

The parties acknowledge that the Purchase Price shall be paid, in part, through the offset, assignment and assumption of the obligation to pay the Accounts Payable, owed by the Vendor to the Affiliates of the Purchaser, by the Purchaser and, on Closing, such offset and assumption of indebtedness shall include a full and complete release of the Vendor by the Affiliates of the Purchaser in respect of the Accounts Payable owed as of the Effective Date.

2.3 Adjustments

(a) General. All benefits and obligations of every kind and nature accruing or payable with respect to the Business and Assets will be adjusted between the Vendor and Purchaser on an accrual basis as of the Effective Date (with the Effective Date being for the account of the Purchaser). The Vendor is entitled to all revenue attributable to the Assets during the period prior to the Effective Date and is responsible for (and entitled to any refunds in respect to) all expenses attributable

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to the Assets during the period prior to the Effective Date. For greater certainty, and without limitation, the Vendor is responsible to ensure the payment or discharge as the case may be of all debts, costs, expenses up to the Effective Date and other Encumbrances related to the Assets necessary or required to be paid to bring the Assets into good and proper standing without default in order to ensure the Purchaser receives full, complete and peaceful possession of the Assets as of the Effective Date. The Purchaser may, but is not obligated to, pay any such debts, costs, expenses and other Encumbrances related to the Assets necessary or required to be paid to bring the Assets into good and proper standing without default as stated above, and, in the event the Purchaser decides to do so, the Purchaser shall receive a full credit for same in the Statement of Adjustments. The Purchaser is entitled to all revenue attributable to the Assets during the period from and after the Effective Date up and to the Closing Date, and, if Closing occurs, the period thereafter, and is responsible for all expenses attributable to the Assets during the period from and after the Effective Date up and to the Closing Date, and, if Closing occurs, the period thereafter. The determination of whether expense and revenues with respect to the Assets are attributable to a period before, or as of and after, the Effective Date will be determined in accordance with general accepted accounting principles (GAAP).

(b) Taxes. The Vendor shall bear all taxes, including sales taxes, excise taxes or any other tax of a Governmental Authority attributable to the Vendor's ownership and operation of the Assets prior to the Effective Date. All deductions, credits or refunds pertaining to the Taxes, no matter when received, belong to the Vendor. The Purchaser will bear all Taxes attributable to the ownership or operation of the Assets at and after the Effective Date to the Closing Date, and, if Closing occurs, the period thereafter, and all deductions, credits and refunds pertaining to the aforementioned Taxes, no matter when received, belong to the Purchaser. The Vendor and Purchaser are responsible for filing any tax returns and handling payment of any Tax due under applicable law.

(c) Interim Statement of Adjustments. An interim statement of adjustments shall be delivered to the Purchaser by the Vendor at least five (5) Business Days prior to the Closing Date setting forth the Vendor's good faith estimate of the costs and expenses paid and expected to be paid by the Vendor from the Effective Date to the Closing Date and the revenues received by Vendor from and after the Effective Date, as those costs, expenses and revenues relate to the period as of and from the Effective Date to the Closing Date (the "Interim Statement of Adjustments"). The Interim Statement of Adjustments shall have annexed to it complete details and back-up of the known and estimated costs and expenses and revenues received and calculations used by the Vendor to arrive at all debits and credits on the Interim Statement of Adjustments. The Vendor will cooperate and assist the Purchaser with verifying the credits and debits. The Purchaser will, not later than two (2) Business Day prior to the Closing Date, complete its review of

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the Interim Statement of Adjustments. In the event that the Purchaser disputes an item of the Statement of Adjustments, the Purchaser will so notify the Vendor, not later than two (2) Business Days before the Closing Date, in writing (the "Purchaser's Objection"), and such notice will set forth the specific items or omitted items, amounts and description of the basis of the Purchaser's Objection (the "Disputed Adjustments") and the adjustments to the Interim Statement of Adjustments that the Purchaser believes should be made. The Vendor will review and respond to the Purchaser's Objection forthwith upon receipt of the Purchaser's Objection, and the Parties will thereafter attempt in good faith to reach an agreement with respect to the Disputed Adjustments. If the Vendor and Purchaser are unable to resolve their disagreement prior to the Closing Date, Closing shall occur on the basis of the Interim Statement of Adjustments and the amount of the Disputed Adjustments shall be paid by the Purchaser and held in the trust account of the Purchaser's solicitor pending agreement of the Parties or determination of the Disputed Adjustments in accordance with the time frames and dispute resolution process set forth below in Section 2.4.

2.4 Readjustment, Additional Adjustments and Final Statement of Adjustments

(a) Final Statement of Adjustments. On or before February 28, 2018 or such other time as may be agreed to between the Parties, a further and final accounting of the adjustments shall be completed by the Vendor (the "Final Statement of Adjustments") and a Final Statement of Adjustments delivered to the Purchaser. The Final Statement of Adjustments shall have annexed to it complete details and back-up of the costs and expenses and revenues received and calculations used by the Vendor to arrive at all debits and credits on the Final Statement of Adjustments. The Vendor will forthwith cooperate and assist the Purchaser with verifying the credits and debits, including providing access to the books, records and accounts of the Vendor for the purpose of verifying the adjustments. The Parties will attempt to resolve any dispute arising from the Final Statement of Adjustments through consultation and negotiation in good faith. If those attempts fail, either party may apply to the Court with respect to such disagreement or, alternatively, if the parties mutually agree to refer the dispute to binding arbitration for final resolution, then the arbitration will be conducted by a single arbitrator in accordance with the provisions of the *Arbitration Act* (Alberta). All adjustments finally determined shall be adjustments to the Purchaser Price payable within thirty (30) days of final determination by agreement, court judgment or alternate dispute resolution.

2.5 Allocation of Purchase Price

The Purchase Price will be allocated between the Assets as follows:

(a) Aircraft $ 260,000.00

(b)	Helicopter	\$ 290,000.00
(c)	Whitecourt Facility	\$2,300,000.00
(d)	Rocky Mountain House	\$ 175,000.00
(e)	Equipment	\$ 250,000.00
	Total Purchase Price	\$3,275,000.00

Vendor and Purchaser must complete all tax returns, designations and elections in a manner consistent with the allocation and otherwise follow the allocation for all tax purposes on and subsequent to the Closing Date and not take any position inconsistent with the allocation. If such allocation is disputed by any taxation or other Governmental Authority, the Party receiving notice of such dispute will promptly notify the other Party and the Parties will use their commercially reasonable efforts to sustain the allocation; provided if the Vendor is no longer in existence, or its agreement or approval cannot practicably be obtained given the circumstances of the Vendor after Closing, the Purchaser shall be entitled to make and agree to whatever adjustments or amendments after Closing to such allocations with such taxation or Governmental Authority as the Purchaser deems appropriate, and which shall be binding for all purposes on the Vendor. The Parties will share information and cooperate to the extent reasonably necessary to permit the transactions contemplated by this Agreement to be properly, timely and consistently reported.

ARTICLE 3
CONDITIONS PRECEDENT OF PURCHASER

3.1 Conditions Precedent of Purchaser

Closing is conditional upon each of the following conditions precedent, which conditions precedent have been inserted for the sole benefit of the Purchaser as follows:

(a) Due Diligence. On or before Closing, the Purchaser shall have performed a satisfactory due diligence review of the Assets;

(b) Assignment of Leases. On or before Closing, the Landlords, or their assignee(s), shall have provided their respective consents to the assignment of the leases between the Vendor and Purchaser in respect of the Leases and Leased Lands;

(c) Discharge of Encumbrances. Prior to or concurrently on the Closing Date, Vendor will obtain and register absolute discharges of all Encumbrances registered against the Assets at the Closing Date;

(d) Representations and Warranties. The representations and warranties of the Vendor contained herein shall be true and correct in all material respects as of the Effective Date and on the Closing Date as if made again on the Closing Date.

3.2 Satisfaction of Conditions

The Purchaser agrees to proceed in good faith and with promptness and diligence to attempt to satisfy those conditions set forth above that are within its reasonable control. The Vendor agrees, where applicable, to reasonably assist the Purchaser in satisfying those conditions set forth above. The Purchaser further agrees to notify the Vendor on or before the Closing Date or such prior date as may be specified for the fulfillment of a condition of those conditions that have been satisfied.

3.3 Waiver of Conditions

(a) Notice of Waiver. If a condition set out in this Article has not been satisfied on or before the Closing Date or such prior date as may be specified for its fulfillment, the Purchaser may:

(i) waive compliance with the condition in whole or in part, in its sole discretion, by notice to Vendor to be given on the Closing Date or within one (1) Business Day after the date specified for the fulfillment of such condition if such date is more than one (1) Business Day before the Closing Date, and without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part, or

(ii) elect by written notice to the Vendor to terminate this Agreement, in which case neither party shall be under any further obligation to the other to complete the transaction contemplated by this Agreement.

(b) Deemed Satisfaction of Conditions. Notwithstanding the aforesaid, the Closing of the transaction contemplated by this Agreement by the parties shall be deemed to be a waiver by the Purchaser of compliance with any condition included for its benefit and not satisfied on the Closing Date but shall not release the Vendor from liability with respect to the covenants, representations and warranties on its part contained in this Agreement.

(c) Conditions Precedent. The conditions set out above in this Article are conditions to the obligations of the Purchaser hereto and are conditions precedent to the existence or enforceability of this Agreement.

ARTICLE 4
COVENANTS, REPRESENTATIONS AND WARRANTIES

4.1 Vendor's Covenants. Representations and Warranties

The Vendor covenants, represents and warrants in favour of the Purchaser that, as of the date of this Agreement or such other time as may be specified:

(a) Corporate Status. The Vendor is a corporation duly incorporated and subsisting under the laws of the Province of Alberta and has the corporate power, authority, right and capacity to own its property and assets and to enter into, execute and deliver this Agreement and to carry out the transactions and enter into the other agreements contemplated by this Agreement in the manner contemplated by this Agreement;

(b) Corporate Authorization. The transactions and other agreements contemplated by this Agreement will by the Closing Date have been duly and validly authorized by all requisite corporate proceedings and will constitute legal, valid and binding obligations of the Vendor;

(c) Title. On Closing, the Vendor will be the legal and beneficial owner of the Assets, with good and marketable title and interest thereto free of all Encumbrances, claims and adverse interests, except the Permitted Encumbrances. The Vendor has good right, full power and absolute authority to transfer good and marketable title to the Assets to the Purchaser, for the purposes, in the manner and according to the true intent and meaning of this Agreement. The Vendor has no indebtedness to any Person that constitutes or by operation of law or otherwise might constitute an Encumbrance on the Assets or which could affect the right of the Purchaser from and after the Effective Date and at Closing to own or possess the Assets, except for the Permitted Encumbrances; the Vendor, without limitation, will be responsible to ensure all outstanding obligations related to the Assets are brought into good standing and are current as of the Effective Date;

(d) Leases. The Vendor is not in breach of any term or condition in the Leases and it shall use its best efforts to have the Landlords provide an Estoppel Certificate in favour of the Purchaser in respect of same. The Leases are in good standing, create a good and valid leasehold estate in the Leased Lands thereby demised and are full force and effect without amendment. With respect to each Lease: (i) all rents and additional rents have been paid; and (ii) there exists no event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or happening of any other event or condition, would become a default under the Lease or would allow or permit landlords to make any claims under the Leases, including with respect to any non-compliance with Environmental Laws. To the knowledge of the Vendor the Landlords are currently not in breach of the Leases and the Landlords do not have any obligations outstanding and unfulfilled to the Vendor in respect of the Leases;

(e) Location of Improvements. The use of the Improvements, Lands and Leased Lands complies with existing municipal land use bylaws and any restrictive covenants on title. The Improvements are on the Lands and Leased Lands and not on any easement, right-of-way or neighboring lands unless there is a registered

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agreement on title or, in the case of an encroachment into municipal lands or a municipal easement or right-of-way, the municipality has approved the encroachment in writing. The Improvements comply with any restrictive covenant on title and municipal bylaws, regulations and relaxations, or the buildings and improvements are "non-conforming buildings" as defined in the *Municipal Government Act* (Alberta).

(f) Construction Liens. As of Closing, all amounts for labour and materials related to the construction or repair of the Improvements shall have been fully paid and no one has a right to file a lien against the Lands or Leases in respect thereof;

(g) Defects. To the knowledge of the Vendor, there are no defects, including latent defects, related to the Improvements, Lands and Leased Lands which have not been disclosed in writing to the Purchaser. Any Governmental Authority notice related to the Improvements, Lands and Leased Lands, and lack of permits for any development related to the Improvements, Lands and Leased Lands known to the Vendor have been disclosed in writing to the Purchaser. The Improvements contain no asbestos or urea formaldehyde and fully comply with the provisions of the *Alberta Building Code*. The Parties acknowledge that the roof of the Hanger 1 building located at the Whitecourt Facility has a water leak to be assumed for repair by the Purchaser;

(h) Condition of Assets. The Vendor is not aware of any undisclosed material defect in any of the Assets. None of the Assets are in need of maintenance or repairs but for routine maintenance and repairs on the Aircraft, Helicopter and Leased Helicopters which are noted defects and maintenance tasks set forth in the journey logs for the Aircraft, Helicopter and Leased Helicopters respectively, as applicable, and excepting the roof repair described above in Section 4.1 (g).

(i) Aircraft and Helicopter. As of the Effective Date, the Aircraft and Helicopter

(i) are of merchantable quality, corresponds with the description, fit for the Business and in all respects are fully airworthy;
(ii) are operating and have been operated in accordance with the manufacturer's approved operating manual and by persons fully qualified to operate same;
(iii) have been serviced, repaired and maintained in a fully airworthy condition so as not to diminish its value and in accordance with the manufacturer's maintenance program and all applicable laws, rules, regulations, order, mandatory modifications, directives, Alert Service bulletins and other legal requirements;
(iv) log books, maintenance records and other records of any kind whatsoever related to the operation of the Aircraft and Helicopter are accurate,

complete and current up to the Effective Date and in accordance with all appropriate laws, rules, regulations, orders and other legal requirements; and

(v) have the various hours of operation, overhaul and replacement times remaining as advised by the Vendor to the Purchaser.

The Purchaser shall be entitled to retain all colours, paintings, lettering and logs on the Aircraft and Helicopter without interference or disruption from the Vendor.

(j) Operation of Aircraft. The Purchaser shall be permitted and entitled during the Interim Period to operate the Aircraft under the Aircraft AOC, and the Helicopter and Leased Helicopters under the Helicopter AOC.

(k) Contracts and Licenses. The Vendor has performed all of the obligations required by it to be performed by it and is entitled to all benefits under the Contracts and Licenses. To the knowledge of the Vendor, the Vendor is not alleged to be in default of any Contract or License. The Contracts and Licenses are in full force and effect, unamended, and there exists no default or event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default or event of default under any Contract or License or could be expected to materially and adversely affect the relationship with any customer or supplier or reduce or otherwise decrease its usage of the services of the Business. To the knowledge of the Vendor, no customer or supplier intend to terminate or materially alter its business relationship with the Business, either as a result of the transactions contemplated by this Agreement or otherwise. All Contracts and Licenses are fully assignable for the benefit and advantage of the Purchaser, subject to the rights of Third Parties. True, correct and complete revenue statements of all Customer Service Contracts and commitments under Vendor Contracts and Licenses have been provided to the Purchaser. The Vendor will cooperate and work together with the Purchaser before and after Closing to ensure that all Contracts and Licenses accepted by the Purchaser at Closing are duly and promptly transferred and assigned to the benefit of the Purchaser;

(l) Intellectual Property. The Vendor owns all right, title and interest in and to Intellectual Property and it has the right to use all the Intellectual Property used by it in carrying on the Business. All of the Vendor's owned Intellectual Property which has been registered or applied for registration has been properly maintained and renewed by the Vendor in accordance with applicable laws and has not been used or enforced, or failed to be used or enforced, in a manner that would result in the abandonment, cancellation or unenforceability of any rights in such Intellectual Property. To the knowledge of the Vendor, neither the use of the Intellectual Property nor the conduct of the Business in accordance with its past practices misappropriates or infringes upon any patent or copyright of any Third

Party or, to the knowledge of the Vendor, trade name, trade secret, trademark, service mark or other intellectual property right of a Third Party. No person has made, or, to the knowledge of the Vendor, threatened to make, a claim against the Vendor alleging that the Vendor has violated, infringed, or otherwise improperly used any intellectual property rights. Schedule A contains a complete and accurate list of the Intellectual Property owned by, licensed to or used in the Business;

(m) Software. Schedule A sets forth a true and complete list of: (i) all software owned by the Vendor and used in the Business (the "Proprietary Software") and (ii) all software (other than Proprietary Software) licensed by the Vendor that is used in the Business which the Purchaser has acknowledged before Closing that it is prepared to assume and accept assignment thereof (the "Licensed Software") and, together with the Proprietary Software, collectively, the "Software" and all licensing, franchising, purchase, development or other agreements, contracts, or instruments relating to such Software or under which any person is obliged to pay or has the right to receive a royalty, license fee or similar payment with respect to any of the Software (collectively, the "Software Agreements"). The Vendor has all right, title and interest in and to all intellectual property rights in the Proprietary Software. The Vendor has developed the Proprietary Software through its own efforts and for its own account, and the Proprietary Software is, and on Closing, will be free and clear of all Encumbrances. The Vendor has not received notice from any Third Party claiming any right, title or interest in the Proprietary Software. The use of the Proprietary Software does not breach the terms of any Software Agreement. To the Vendor's knowledge, the Proprietary Software does not infringe any patent, copyright or trade secret or any other intellectual property right of any Third Party. The Vendor is in compliance with the terms and conditions of all Software Agreements. The Vendor has not granted rights in the Software to any Third Party. The Software owned and licensed by the Vendor constitutes all the software that is reasonably necessary in the conduct of the Business and, after Closing, Purchaser will be able to conduct the Business as currently conducted using the Software in the same manner as the Vendor did prior to the Effective Date.

(n) Books and Records. All accounting and financial Books and Records have been fully, properly and accurately kept and completed. True, correct and complete copies of the sales, earnings and expenses of the Business prior to the Effective Date have been provided to the Purchaser;

(o) Transition Services. The Vendor shall fully perform all obligations pursuant to the Transition Services Agreement between the Parties. Without limiting the foregoing, the Vendor shall continue to allow the Aircraft to be operated under the Vendor's Aircraft AOC and AMO until such time as the transfer or assignment of the Aircraft AOC and AMO from the Vendor to the Purchaser has been

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completed. The Helicopter and Leased Helicopters shall continue to be operated under the Helicopter AOC and AMO until such time as the Purchaser obtains from Transport Canada its own Aircraft Operating Certificate necessary to operate the Helicopter and Leased Helicopters.

(p) Aircraft Operating Certificates and AMO. The Vendor shall at all times continue to maintain in proper standing and status the Aircraft AOC, Helicopter AOC and AMO for the Interim Operation, and thereafter pursuant to the Transition Services Agreement for the benefit of the Purchaser.

(q) No Default under other Agreements. Neither the execution of this Agreement nor its performance by the Vendor will result in a breach of any term or provision or constitute a default under any of the Permitted Encumbrances, the constating documents or by-laws of the Vendor, or any Encumbrance, indenture, deed of trust or any other agreement to which the Vendor is a party or by which it is bound;

(r) No Litigation. There are, and will be on Closing, no Legal Proceedings commenced or, to the knowledge of the Vendor, threatened against or affecting the Assets or the occupancy, use, or disposition of the Assets by the Vendor, in law or in equity;

(s) No Indebtedness Constituting an Encumbrance. The Vendor will not on the Closing Date have any indebtedness to any person that might by operation of law or otherwise constitute an Encumbrance on the Assets or any part of the Assets or which could affect the right of the Purchaser, from and after the Closing Date, to own and peacefully possess the Assets, other than the Permitted Encumbrances;

(t) Residence. The Vendor is not a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act (Canada);*

(u) Encumbrances. Title to the Purchase Assets will, on the Closing Date, be free and clear of all Encumbrances, excepting only the Permitted Encumbrances and any Purchaser's Encumbrances;

(v) Permitted Encumbrances in Good Standing. There is no default nor is there any event that with the passage of time or the giving of notice would constitute a default existing in the performance or observance of the terms and provisions of the Permitted Encumbrances, each of which has been complied with in all respects and is in good standing;

(w) No Employees. There are no employees of the Business in respect of which the Purchaser will incur any liabilities whatsoever as a result of the completion of the transaction contemplated by this Agreement. All Employees of the Business shall be terminated by the Vendor after the Purchaser has made offers of employment to Employees, and the Purchaser shall have no liability related to their termination of employment with the Vendor.

(x) Consents. On or before the Closing Date, all consents, approvals and assumptions required to permit the assignment of those Licenses, Leases, Intellectual Property, Equipment, Leased Vehicles being assigned, at Closing, and the benefits thereof to the Purchaser shall have been obtained by the Vendor or entered into by all necessary parties;

(y) Environmental Matters. Vendor:

(i) has not received and has no knowledge of any orders or directives under the Applicable Law from a Governmental Authority relating to environmental matters requiring any work, repairs, constructions or capital expenditures with respect to the Assets, which order or derivative remains outstanding on Closing;

(ii) has not received and has no knowledge of any demand or notice from a Governmental Authority or Third Party relating to the breach of any environmental, health or safety law applicable to the Assets, including without limitation, any Applicable Law relating to the use, storage, treatment, shipping or disposition of environmental contaminants, which demand or notice has not been complied with in all material respects;

(iii) has made available to Purchaser all environmental information within its possession and has not knowingly withheld any such information from Purchaser relevant to environmental matters that relate to or affect the Assets; and

(iv) indemnifies, hold harmless and defend the Purchaser from and against all actions, causes of action, losses, costs (including full indemnity legal costs on a solicitor and his own client basis), claims, damages or expenses which Purchaser may sustain, pay or incur as a result of any act, omission, matter or thing related to the Assets done, omitted, occurring or accruing on, prior to the Effective Date with respect to Environmental Liabilities arising from the act or omission of the Vendor. This liability and indemnity shall apply notwithstanding such due diligence review of the Assets by the Purchaser and without limit and without regard to cause or causes, including without limitation, the negligence, whether sole, concurrent, gross, active, passive, primary or secondary, or the willful or wanton misconduct of either Vendor or any Third Party or otherwise.

(z) Commissions. Vendor has incurred no obligation or liability for brokers' or finders' fees, contingent or otherwise, in respect of this transaction for which Purchaser shall have any obligation or liabilities;

(aa) Insurance. From and after the Effective Date to the Closing Date, Vendor shall cause to be maintained in full force and effect policies of insurance heretofore maintained and add the Purchaser as an additional named insured as of the Effective Date. The Assets are insured against loss or damage by all insurable hazards or risks on a replacement cost basis. The Vendor is not in default with respect to any of the provisions contained in the insurance policies, the payment of any premiums under any insurance policy and has not failed to give notice or to present any claim under any insurance policy in a due and timely fashion. To the knowledge of the Vendor, there are no circumstances in respect of which any person could make a claim under any insurance policy. There has not been any material adverse change in the relationship of the Vendor with their insurers, the availability of coverage, or in the premiums payable pursuant to the policies. Copies of all insurance policies of the Vendor related to the Business and any recent inspection report received from insurance underwriters have been delivered to the Purchaser;

(bb) Taxes. Vendor will save harmless and indemnify Purchaser in respect of any and all tax liabilities owing to the Department of National Revenue or otherwise up to and including the Closing Date which may affect the purchase and sale of the Assets as herein contemplated. It being understood and agreed that such liability is and remains the liability of Vendor;

(cc) No Expropriation. There are no existing or, to the knowledge of the Vendor, contemplated proceedings or similar public or private proceedings affecting the Assets or any part thereof;

(dd) Prior to Effective Date. Vendor will pay any and all debts, liabilities, costs, charges and expenses incurred by or on behalf of Vendor in connection with the Assets being herewith sold and conveyed up to the Effective Date and to the best of Vendor's knowledge as of the date hereof there are no authorized expenditures or obligations outstanding in respect of the Assets;

(ee) Access to Records. From the Effective Date, Vendor shall make available at the principal place of business of Vendor to Purchaser true copies of all documents, contracts, records, data and agreements in respect of the Assets and Purchaser shall maintain in confidence all such information as disclosed therein. On the Closing Date, Vendor shall upon reasonable request transfer and deliver copies of all such documents, contracts, records and agreements to Purchaser as may be reasonably requested by Purchaser;

(ff) No Work Orders. The Vendor has not received any written work order,

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deficiency notice, notice of violation or other similar communication from any municipal or governmental authority, board of insurance underwriters, police or fire department, sanitation or health authorities, regulatory authority or otherwise that is outstanding requiring or recommending that work or repairs in connection with the Assets or any part of the is necessary, desirable or required;

(gg) Non-Competition. The Vendor and its principals, Ryan Tobber and Roch Dallaire/Gemini Helicopters Ltd., will not compete against the Business for a three (3) year period within the geographical area of Canada after Closing; provided however, that:

(i) the Vendor shall only be permitted to provide charter operations (not to involve aerial surveillance and scanning or chemical spraying) from its existing Rainbow Lake facility in the customary territory serviced thereby and complete oil and gas operatorship and asset management services that are not in competition to the Business. For greater certainty, oil and gas operatorship and asset management services ("Asset Management Services") means complete services (and not partial and including aerial surveillance but not aerial spraying) as currently provided by the Vendor to Ranch Energy Corporation of turnkey management services from well head to point of sale for oil and gas assets and any future Asset Management Services provided to third parties for the same complete scope of work; and

(ii) Roch Dallaire/Gemini Helicopters Ltd. shall be permitted to continue to provide charter operations (not to involve aerial surveillance and scanning or chemical spraying) from its existing Grande Prairie facility and High Level facility in the customary territory serviced thereby.

The Vendor and its principals as set forth above will execute a Non-Competition Agreement delivered contemporaneously with Closing;

(hh) Right of First Refusal. The Vendor covenants that the Purchaser shall be granted a right of first refusal on any aerial operations work which the Vendor intends to sub-contract out, and not fully perform itself, in respect of the Asset Management Services and charter services from its Rainbow Lake facility.

(ii) New Proprietary Software. The Vendor covenants that the Purchaser shall be granted an exclusive license for the territory of Canada to the new proprietary software it intends to develop to update and improve data and services for oilfield businesses using, in part, the platform and data of WARS which the Purchaser has agreed to allow the Vendor continued access to for such purpose. The terms and conditions of such license agreement shall be negotiated and concluded between the parties acting in good faith.

(jj) Aeronet Software. The Vendor shall provide and transfer to the Purchaser all historical data and back-up materials used by the Vendor in respect of the Aeronet software and platform as the Purchaser may reasonably require to provide continuity in the running and operation of the Business.

(kk) Disclosure. The Vendor has not knowingly withheld any information relating to the Business or Assets which might reasonably be considered to be material to the Purchaser.

4.2 Purchaser's Representations and Warranties

The Purchaser represents and warrants to and in favour of the Vendor that, as of the date of this Agreement or such other date as may be specified:

(a) Corporate Status. The Purchaser is a corporation duly incorporated and subsisting under the laws of the Province of Alberta and has the corporate power, authority, right and capacity to enter into, execute and deliver this Agreement and to carry out the transactions and enter into the other agreements contemplated by this Agreement in the manner contemplated by this Agreement;

(b) Corporate Authorization. The transactions and other agreements contemplated by this Agreement will by the Closing Date have been duly and validly authorized by all requisite corporate proceedings and will constitute legal, valid and binding obligations of the Purchaser;

(c) No Default under other Agreements. Neither the execution of this Agreement nor its performance by the Purchaser will result in a breach of any term or provision or constitute a default under the constating documents or by-laws of the Purchaser or any indenture, mortgage, deed of trust or any other agreement to which the Purchaser is a party or by which it is bound; and

(d) Investment Canada Act. The Purchaser is not a non-Canadian within the meaning of the *Investment Canada Act* (Canada).

4.3 Survival of Warranties

The representations and warranties contained herein shall survive the completion of the transaction of purchase and sale contemplated by this Agreement and shall continue in full force and effect for the benefit of the Purchaser and the Vendor for a period of eighteen months after the Closing Date, so that written notification of any breach of any representation or warranty known by a party must be provided to the other Party on or before the expiry of such eighteen month period.

4.4 Effect of Warranties

Subject to the limitation period with respect to representation and warranties set forth above, each party agrees to protect, indemnify and save the other party harmless from and against any and all losses, costs, expenses, damages, liabilities, claims and demands whatsoever arising or suffered by the other party as a result of any misrepresentation or breach of warranty by the first-mentioned party under this Agreement or any document, certificate or other instrument delivered pursuant to this Agreement. No representation or warranty in this Agreement, nor any action taken in respect thereof, shall affect any statutory or implied warranty or covenant included or deemed to be included in the transfer or deed delivered on Closing, which, unless the contrary is expressed in the transfer or deed, shall continue to be enforceable after Closing for such period as is provided by law, and despite expiry of any representation or warranty herein.

ARTICLE 5
RISK AND LOSS

5.1 General

The Assets shall be at the risk of the Vendor until completion of this Agreement.

5.2 Notice of Loss

If any loss or damage to the Assets in excess of $25,000.00 in aggregate occurs on or before the Closing Date, the Vendor shall promptly deliver a notice (the "**Notice of Loss**") to the Purchaser specifying the nature and extent of the loss or damage. The Purchaser may then elect to terminate this Agreement by giving notice of termination to the Vendor on or before the earlier of the tenth Business Day following delivery of the Notice of Loss or the Closing Date, in which case neither party shall be under any further obligation to the other to complete the transaction contemplated by this Agreement. If the Purchaser does not elect to terminate this Agreement, then, at the option of the Purchaser:

(i) the Purchaser shall complete this Agreement on the Closing Date, and the Vendor shall assign and deliver to the Purchaser any insurance proceeds in respect of the Assets to which the Vendor is entitled and the Purchaser shall be entitled to deduct from the Purchase Price any deductible or co-insurance for which the Vendor is responsible but does not pay and provide satisfactory evidence of such payment on or before the Closing Date, or

(ii) the Vendor shall diligently repair or cause to be repaired at the sole cost and expense of the Vendor, without expense to the Purchaser, all damage caused to the Assets and the Purchaser shall complete this Agreement upon the completion of such repairs or replacement or, at the option of the

Purchaser, at such earlier time on or after the Closing Date as the Purchaser may determine (and the Closing Date shall be extended accordingly).

ARTICLE 6
CLOSING ARRANGEMENTS

6.1 Closing Arrangements

This Agreement shall be completed on the Closing Date at the office of the Vendor in Calgary, Alberta or at such other place as the parties may mutually agree upon.

6.2 Documents of the Vendor

The Vendor shall deliver to the Purchaser on the Closing Date, or on such other date as may be specified in the Agreement, fully executed by the Vendor, where applicable or such other parties as may be specified:

(a) Certificates of Registration and Bill(s) of Sale. Certificates of Registration with respect to the Aircraft and Helicopter and duly executed and registerable Bill(s) of Sale and any additional documentation as may be required to assure title and ownership of the Assets to the Purchaser and any part thereof has been transferred and issued in the name of the Purchaser, free and clear of any and all Encumbrances, and evidence of the discharge of all Encumbrances and related registrations.

(b) Assignment(s) of Leases. Duly executed Assignment of Lease Agreements transferring the interest of the Vendor in the Leases, Improvements and Leased Lands to the Purchaser, free and clear of any and all Encumbrances, and evidence of the discharge of all Encumbrances and related registrations or, at the election of the Purchaser, surrender of lease agreements necessary to allow the Purchaser to enter into new lease agreements with the Landlord(s);

(c) Landlords' Consent. Duly executed Consent to Assignment of Lease Agreements from the Landlords for the Assignment of the Leases and Improvements;

(d) Estoppel Certificates. Estoppel Certificates in form satisfactory to the Purchaser from the Landlords in respect of the Leases;

(e) Transfer of Land. Duly executed and registrable Transfer of Land transferring the Lands from the Vendor to the Purchaser, free and clear of any and all Encumbrances, excepting the Permitted Encumbrances, in accordance with the Western Law Societies' Conveyancing Protocol, and in due course, evidence of the discharge of all Encumbrances and related registrations;

(f) Real Property Reports. Real Property Reports showing the current Improvements on the Lands and Leased Lands according to the Alberta Land Surveyors' Association manual of Standard Practice, with evidence of municipal compliance or non-conformance.

(g) Assignment and Assumption of Customer Service Contracts. Assignment(s) by the Vendor to the Purchaser and an assumption (as to all obligations accruing on and after the Effective Date) by the Purchaser of all Customer Service Contracts able to be transferred as of Closing together with consents and approvals of such customers of the Business and any other documentation required by such customers to effect a transition of the Customer Service Contracts from the Vendor to the Purchaser.

(h) Undertaking. Undertaking signed by the Vendor to assist, cooperate and work together with the Purchaser after Closing to transfer those Customer Service Contracts not able to be assigned and transferred to the Purchaser on Closing;

(i) Assignment and Assumption of Vendor Contracts. Assignment(s) by the Vendor to the Purchaser and an assumption (as to all obligations accruing on and after the Effective Date) by the Purchaser of all Vendor Contracts.

(j) Assignment and Assumption of Vehicle Leases and Bills of Sale. Assignments and Bills of Sale duly executed by the Vendor in favour of the Purchaser and an assumption (as to all obligations accruing on or after the Effective Date) by the Purchaser of all Vehicle Leases.

(k) Assignment and Assumption Agreement. An assignment by the Vendor to the Purchaser and an assumption (as to all obligations accruing on and after the Effective Date) by the Purchaser of all other Licenses, permits, approvals and other agreements pertaining to the Assets.

(l) Bill of Sale. Bill(s) of Sale related to all personal property owned by the Vendor and not otherwise listed above as may be required to assure title and ownership of the complete Assets to the Purchaser and any part thereof has been transferred and issued in the name of the Purchaser, free and clear of any and all Encumbrances, and in due course, evidence of the discharge of all Encumbrances and related registrations.

(m) Discharge of Leased Helicopters Encumbrances: To the extent not previously delivered, Vendor shall provide proof of the discharge of all Encumbrances of its lenders registered in respect of and against the Leased Helicopters;

(n) Transition Services. To the extent not previously delivered to the Purchaser the Transition Services Agreement;

(o) Irrevocable Assignment and Directions to Pay. To the extent not previously delivered to Purchaser, an irrevocable assignment of accounts receivable of the Business from the Vendor to the Purchaser from and after the Effective Date, free and clear of all Encumbrances. Irrevocable Directions to Pay in respect of the Customer Service Contracts, banking documentation and such other notices and documentation set forth in the Transition Services Agreement;

(p) Corporate Approval. Such corporate documentation, approvals and consents relating to the authority of the Vendor to sell and convey the Assets to the Purchaser.

(q) Certificate. A certificate of an officer of the Vendor that the representations and warranties of the Vendor herein given are true and correct in all material respects at the Closing Date.

(r) Non-Competition Agreement. A Non-Competition Agreement(s) of the Vendor in content as stated above and satisfactory to the Purchaser acting reasonably.

(s) Right of First Refusal Agreement. A Right of First Refusal Agreement related to the sub-contracted portion of the Asset Management Services.

(t) Assets Not Previously Delivered. To the extent not previously delivered to the Purchaser or its agents, any and all of the Assets.

(u) Accounts Payable. Assignment by the Vendor to the Purchaser and an assumption by the Purchaser of the obligation to pay the Accounts Payable.

(v) Interim Statement of Adjustments.

(w) GST Declaration. The document described below.

(x) Miscellaneous. All client lists, passwords necessary to operate the computers, software and other items used to ensure the on-going operation of the Business.

(y) Other. Such further documentation relating to the completion of this Agreement as the Purchaser may reasonably require.

6.3 Vacant Possession

The Vendor shall allow the Purchaser peaceful and vacant possession of the Assets on the Effective Date.

6.4 Documents of the Purchaser

Upon delivery by the Vendor to the Purchaser of the Documents of the Vendor on Closing, the Purchaser shall deliver to the Vendor the following documents on the Closing Date or such other date as may be specified:

(a) Purchase Price due on Closing Date. A lawyer's trust cheque, certified cheque or bank draft payable to the Vendor's Solicitor for the Cash Difference in accordance with Paragraph 2.1 above.

(b) Accounts Payable. An assignment by the Vendor to the Purchaser and an assumption by the Purchaser of the obligation to pay the Accounts Payable, duly consented to by the Affiliates of the Purchaser.

(c) Release. Release and Discharge of Liability from the Affiliates of Purchaser in favour of Vendor in respect of the Accounts Payable.

(d) Aircraft and Helicopter Leases. Leases of the Aircraft and Helicopter from the Purchaser, as Lessor, to a company of the Vendor, as Lessee, to be governed in accordance with the Transition Services Agreement.

(e) Helicopter Sub-leases. Sub-leases of the Leased Helicopters from the Purchaser as Sub-lessor, to a company of the Vendor, as Sub-lessee, to be governed in accordance with the Transition Services Agreement.

(f) License. A license agreement from the Purchaser to the Vendor allowing it to use the WARS software, if requested by the Vendor before Closing, satisfactory to the Purchaser acting reasonably.

(g) Common Party Documents. Those documents described herein to which the Purchaser is also a party.

(h) GST Declaration. The document described below.

(i) Other. Such further documentation relating to the completion of this Agreement as the Vendor may reasonably require.

6.5 Registration and Fees

(a) Registration Costs. The Purchaser shall be responsible for all registration fees in connection with the registration of caveats protecting its interest pursuant to the Leases and the registration of the Transfer of Land. The Vendor is responsible for all other costs related to transferring title of the Assets to the Purchaser and discharging all Encumbrances, excepting the Permitted Encumbrances.

(b) Legal Fees. Each party shall be responsible for its own legal fees with respect to this transaction.

(c) Commissions. Unless retained in writing by the Purchaser, any amounts due to any real estate agent or broker involved with the transaction contemplated in this Agreement are the sole responsibility of the Vendor.

6.6 Goods and Services Tax

With respect to GST payable in respect of the purchase and sale of the Assets:

(a) the Parties shall make a reasonable allocation of the total consideration between taxable and exempt portion, and the Purchaser shall only be liable for GST under the following clauses on the taxable portion of the consideration as so allocated or as finally determined by taxing authorities.

(b) unless the Purchaser is registered under the Excise Tax Act (Canada) (the **"Act"**) as of the Closing Date, the Purchaser shall pay to the Vendor by certified cheque or bank draft on closing all GST payable in respect of the purchase and sale of the Assets in accordance with the Act, and the Vendor shall remit such GST to Canada Customs and Revenue Agency ("CRA") when and to the extent required by the Act.

(c) if the Purchaser is registered under the Act as of the Closing Date, the Vendor shall not collect GST from the Purchaser in respect of the purchase and sale of the Assets, and the Purchaser shall file returns and remit the GST to CRA in respect of the purchase and sale of the Assets when and to the extent required by the Act.

(d) the Purchaser shall indemnify the Vendor and save it harmless from and in respect of any liability of the Purchaser under the Act arising because of any breach of the obligations of the Purchaser under the Act or this Section, and the Vendor shall indemnify the Purchaser and save it harmless from and in respect of any liability of the Vendor under the Act arising because of any breach of the obligations of the Vendor under the Act or this Section, together, in each case, with all loss, costs and expenses resulting from such breach.

(e) The Purchaser shall, if applicable, provide to the Vendor a statutory declaration or warranty certificate on closing confirming its GST registration number under the Act and any other matters reasonably required by the Vendor. The Purchaser and Vendor shall mutually execute a GST Form 44 Election.

(f) The provisions of this Section shall survive closing and the Parties shall mutually undertake on closing to abide by this Section.

ARTICLE 7
MISCELLANEOUS

7.1 Notices

(a) Addresses for Notice. Any notice, request, consent, acceptance, waiver or other communication required or permitted to be given under this Agreement (a **"Notice"**) shall be in writing and shall be given by personal delivery or written electronic communication which results in a written or printed notice being given to the applicable address set forth below:

(i) Vendor:

1200, 815-8th Ave. S.W.
Calgary, AB T2P 3P2

Attention: Ryan Tobber and Mike Rempel

(ii) Purchaser:

480 Aviation Way N.E.
Calgary, AB T2E 7G3

Attention: Kenneth I. Mizera

With a copy to:

Michael W. Mudie
Barrister and Solicitor
520 Crescent Road N.W.
Calgary, AB T2M 4A5

(a) Receipt of Notice. Any Notice, if delivered, shall be deemed to have been validly and effectively given and received on the date of delivery. Any notice, if sent by electronic communication, shall be deemed to have been validly and effectively given and received on the date of transmission.

(b) Change of Address for Notice. By giving to the other party at least 10 days Notice, any party may, at any time and from time to time, change its address for delivery or communication for the purposes of this Section.

7.2 Further Assurances

Each of the parties shall execute and deliver all such further documents and do such other things as the other party may reasonably request to give full effect to this Agreement.

7.3 Lawyers as Agents

Notices, approvals, waivers and other documents permitted, required or contemplated by this Agreement may be given or delivered by or to the parties or by or to their respective solicitors on their behalf.

7.4 Assignment

The rights of each of the parties hereto are assignable without the prior written consent of the other party, provided the Purchaser shall not be released or discharged from any liability arising pursuant to the terms of this Agreement.

7.5 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 federal laws of Canada applicable therein and shall, in all respects, be treated as a contract made in the Province of Alberta. The Parties irrevocably attorn and submit to the exclusive jurisdiction of the courts of the Province of Alberta, Judicial Centre of Calgary, and courts of appeal therefrom in respect to all matters arising out of or in connection with this Agreement.

7.6 Non-Merger

None of the provisions of this Agreement shall merge in the transfer of the Assets or other documents delivered on the Closing Date and the provisions of this Agreement, other than the Article entitled "Condition Precedents", shall survive the Closing Date.

7.7 Construction

The Agreement has been freely and fairly negotiated between the Parties. If an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the Parties and no presumption or burden of proof will arise favoring or disfavoring any Party because of the authorship of any provision of this Agreement.

7.8 Successors and Assigns

This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.

7.9 Counterparts

This Agreement may be executed in one or more counterparts and shall be deemed executed upon delivery, facsimile, pdf or other electronic means by each Party to the other (or pursuant to the other's direction) of a copy of this Agreement executed by such Party.

IN WITNESS WHEREOF the Parties hereto have duly executed this Agreement under the hand and seal of their duly authorized officers as of the date above written.

OPSMOBIL GROUP INC.

PER:________________________
RYAN TOBBER

OPSMOBIL INC.

PER:________________________
RYAN TOBBER

OPSMOBIL ENERGY SERVICES INC.

PER:________________________
RYAN TOBBER

AIRBORNE ENERGY SOLUTIONS INC.

PER:________________________
KENNETH MIZERA

THIS IS EXHIBIT "C" REFERRED TO IN

THE AFFIDAVIT OF RYAN TOBBER

SWORN BEFORE ME

THIS 3RD DAY OF JULY, 2018

A Commissioner of Oaths
in and for the Province of Alberta

Anthony Mersich
Barrister and Solicitor

ASSET PURCHASE AND SALE AGREEMENT

BETWEEN

PREDATOR OIL BC LTD.

("Vendor")

AND

RANCH ENERGY CORPORATION

("Purchaser")

May 8, 2017

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ASSET PURCHASE AND SALE AGREEMENT

THIS AGREEMENT made as of the 8th day of May, 2017,

BETWEEN:

PREDATOR OIL BC LTD., a company formed as a result of an amalgamation pursuant to the laws of the Province of British Columbia (hereinafter referred to as "**Vendor**")

- and -

RANCH ENERGY CORPORATION, a corporation incorporated pursuant to the laws of the Province of Alberta (hereinafter referred to as "**Purchaser**")

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

IN CONSIDERATION of the premises and the mutual covenants and agreements hereinafter set forth, the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 **Definitions**

In this Agreement, including the recitals and the Schedules, the following terms have the following meanings:

(a) "**Abandonment and Reclamation Obligations**" means all past, present and future obligations under the Title and Operating Documents, Applicable Law and applicable equity or common law to:

(i) abandon the Wells;

(ii) restore, remediate and reclaim the surface or subsurface locations of the lands in the White Map Area, including those lands in or on which the Wells are or were located and lands which are or were used to gain access to the Wells or Tangibles including any lands to which the Surface Rights relate; and

(iii) decommission and remove all structures, foundations, buildings, pipelines equipment and other facilities located in the White Map Area and the surface sites thereof,

including such obligations relating to such wells, pipelines and facilities that were abandoned, removed or decommissioned prior to the Effective Time, all in accordance with generally accepted oil and gas industry practices and in compliance with Applicable Law.

(b) "**AFE**" means an authority for expenditure, mail ballot, cash call or any other similar approval issued pursuant to the Title and Operating Documents with respect to the Assets.

(c) "**Affiliate**" means, with respect to a Person, any other Person controlling, controlled by or under common control with such Person where "**control**", "**controlling**" or "**controlled**" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of another Person, whether through the ownership of voting securities or by contract, partnership agreement, trust arrangement or other means, either directly or indirectly, that results in control in fact, provided that direct or indirect ownership of shares of a corporation carrying not less than fifty percent (50%) of the voting rights shall constitute control of such corporation.

(d) **"Agreement"** means this Asset Purchase and Sale Agreement, including the recitals hereto and all Schedules hereto.

(e) **"Applicable Law"** means 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, having jurisdiction over the Assets or the Parties.

(f) **"Assets"** means the Petroleum and Natural Gas Rights, the Tangibles and the Miscellaneous Interests but excluding the Retained Assets.

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

(h) **"Claim"** means any claim, demand, action, lawsuit, proceeding, arbitration or governmental proceeding or investigation.

(i) **"Closing"** means the transfer of the Assets to Purchaser, the payment by Purchaser of the amount specified in Section 2.4 and the delivery of all items required to be delivered pursuant hereto.

(j) **"Closing Date"** means the 12th day of May, 2017, or such other date as may be agreed upon in writing by Vendor and Purchaser; provided however, that if Closing has not occurred by the Outside Date, this Agreement shall terminate unless extended in writing by agreement of the Parties.

(k) **"Closing Place"** means the offices of Vendor's counsel in Calgary, Alberta or such other place as may be agreed upon in writing by the Parties.

(l) **"Confidentiality Agreement"** means the Confidentiality Agreement dated March 21, 2017 between Vendor and Purchaser, attached hereto as Schedule "M".

(m) **"Customary Post Closing Consents"** means consents and approvals from any Governmental Authorities or Third Parties that are customarily obtained after closing in connection with transactions similar to the transaction contemplated by this Agreement including consents and approvals for the transfer of Permits and consents of Third Parties that cannot be unreasonably withheld.

(n) **"Default"** means a Purchaser Default or a Vendor Default.

(o) **"Deposit"** has the meaning given to such term in Section 2.3.

(p) **"Dollar"** or **"$"** means, unless otherwise provided herein, a dollar in the lawful money of Canada.

(q) **"Effective Time"** means 8:00 a.m., Calgary time, on April 1, 2017.

(r) **"Encumbrance"** means a Security Interest, royalty, net profits interest, carried working interest or other adverse claim.

(s) **"Encumbrance Discharge"** means, with respect to an Encumbrance, affecting all or any portion of the Assets, one or more registrable discharges executed by the holder of such Encumbrance, or a letter of no interest executed by such holder acknowledging that it has no further interest or adverse claim in such Assets.

(t) **"Environment"** means the ambient air, land, surface and sub-surface strata, groundwater, surface water, all layers of the atmosphere, all organic and inorganic matter and living organisms including human beings, and the interacting natural system that includes such components; and **"Environmental"** means relating to or in respect of the Environment.

(u) **"Environmental Liabilities"** means all past, present and future Liabilities and Claims in respect of the Environment pertaining to or caused by the Assets or related to Vendor's interest in any lands or liabilities in the White Map Area, whether or not resulting from operations conducted with respect to the Assets or which arise in connection with the ownership thereof or operations pertaining therefrom, including, Liabilities associated with:

(i) use, holding, generation, treatment, stabilization, storage, disposal, handling or transportation of Hazardous Substances, Petroleum Substances, oilfield wastes or produced water;

(ii) obligations for compliance with Applicable Law, as of the Effective Time and in the future,

(iii) Abandonment and Reclamation Obligations;

(iv) Releases of Hazardous Substances, Petroleum Substances, oilfield wastes, produced water or other substances;

(v) obligations for the removal, assessment, monitoring, sampling, response, abatement, clean-up, investigation and reporting of contamination or pollution of or other adverse effects on the Environment, including compensation of Third Parties for Losses suffered by them in respect thereof; or

(vi) obligations for the protection, reclamation, remediation or restoration of the Environment.

(v) **"Escrow Agreement"** means the escrow agreement for the handling of Assets for which unexpired Rights of First Refusal remain at Closing, a form of which is attached hereto as Schedule "L".

(w) **"Facilities"** means the specified interest of Vendor in the facilities described in Schedule "B".

(x) **"Final Statement of Adjustments"** has the meaning given to such term in Section 3.2(b).

(y) **"General Conveyance"** means the form of general conveyance attached hereto as Schedule "C".

(z) **"Governmental Authority"** means a federal, provincial, territorial, municipal or other government or government department, agency, board or other authority (including a court of law) having jurisdiction over the Parties or the Assets.

(aa) **"GST"** means the goods and services tax payable pursuant to the GST Legislation.

(bb) **"GST Legislation"** means the *Excise Tax Act*, 1985 R.S.C., c. E-15, as amended.

(cc) **"Hazardous Substances"** means hazardous, deleterious, or toxic substances; oilfield wastes; radioactive material; asbestos; polychlorinated biphenyls; pollutants; contaminants; dangerous goods; and unrefined and refined petroleum products; including all substances, materials and wastes regulated under Applicable Law relating to Environmental or health and safety matters.

(dd) **"Income Tax Act"** means the *Income Tax Act* (Canada), as amended.

(ee) **"Lands"** means the lands located within the White Map Area, including the lands, formations and associated Petroleum Substances which are set out in Schedule "A", but only to the extent that rights relating thereto are granted under the Leases and to the extent they are subject to the Unit Operating Agreements.

(ff) **"Leases"** means, collectively, the petroleum and natural gas leases, licences, permits, reservations and other agreements within, under or upon the lands from which the Petroleum and Natural Gas Rights are derived, comprising of those petroleum and natural gas leases, licences, permits and other agreements described in Schedule "A", by virtue of which Vendor is entitled to explore for, recover, remove or dispose of Petroleum Substances within, upon or under the Lands or lands with which the Lands are pooled or unitized and includes, if applicable, all renewals and extensions of such documents and all documents issued in substitution therefor.

(gg) **"Liabilities"** means any and all liabilities and obligations, whether under common law, in equity, under Applicable Law or otherwise; whether tortious, contractual, vicarious, statutory or otherwise; whether absolute or contingent; and whether based on fault, strict liability or otherwise.

(hh) **"License Transfers"** means transfers of the Permits related to the Assets that are in the name of Vendor.

(ii) **"Losses"** means, in respect of a Party and in relation to a matter, any and all losses, damages, costs, expenses, charges (including all penalties, assessments and fines) which such Party suffers, sustains, pays or incurs in connection with such matter and includes reasonable costs of legal counsel (on a solicitor and client basis) and other professional advisors and consultants and reasonable costs of investigating and defending Claims arising from the matter, regardless of whether such Claims are sustained.

(jj) **"Miscellaneous Interests"** means Vendor's entire right, title, interest and estate in and to all property, assets and rights (other than the Petroleum and Natural Gas Rights and the Tangibles) to the extent they pertain directly to the Petroleum and Natural Gas Rights, the Lands or the lands pooled or unitized therewith, or the Tangibles, including:

(i) all contracts, agreements, books, records, and documents relating directly to the Petroleum and Natural Gas Rights and the Tangibles, including the Title and Operating Documents;

(ii) all Surface Rights;

(iii) the Unit Interest;

(iv) the Wells including, the well bores and casing thereof;

(v) copies of all non-interpretative production and engineering information prepared for the joint account of the relevant interest owners and relating directly to the Petroleum and Natural Gas Rights;

(vi) all subsisting rights to carry out any operations relating to the Petroleum and Natural Gas Rights or Tangibles and all well licences for the Wells; and

(vii) the Sale, Processing and Transportation Agreements.

Unless otherwise agreed in writing by the Parties, however, the Miscellaneous Interests shall not include agreements, documents or data to the extent that they pertain to Vendor's proprietary technology, geophysical data, seismic data, interpretations or economic evaluations.

(kk) "**Offer**" has the meaning given to that term in Section 12.1.

(ll) "**Outside Date**" means 5:00 p.m., Calgary time, on May 1 , 2018.

(mm) "**Party**" means Vendor or Purchaser; and "**Parties**" means Vendor and Purchaser, collectively.

(nn) "**Permits**" means permits, licenses, approvals and authorizations issued or granted by Governmental Authorities pertaining to the ownership or operations of the Assets.

(oo) "**Permitted Encumbrances**" means;

(i) the Encumbrances and penalties, reductions, conversions and alterations in interest described in Schedule "A";

(ii) liens for taxes, assessments and governmental charges which are not due or delinquent at the Effective Time, or the validity of which is being contested in good faith by Vendor;

(iii) mechanics', builders', materialmen's or similar liens for services rendered or goods supplied for which payment is not due or delinquent at the Effective Time, or the validity of which is being contested in good faith by Vendor;

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

(v) Rights of First Refusal, as provided for in the Title and Operating Documents and as described in Schedule "G";

(vi) the right reserved to or vested in any Governmental Authority by the terms of any lease, license, franchise, grant or permit or by any Applicable Law, to terminate any such lease, license, franchise, grant or permit or to require payment of rent or other periodic payments as a condition of the continuance thereof;

(vii) liens or security granted in the ordinary course of business to a public utility or Governmental Authority in connection with operations pertaining to the Assets;

(viii) the terms of the Leases and Title and Operating Documents, provided that all Encumbrances and reductions, conversions and alterations of interests are described in Schedule "A";

(ix) the express or implied reservations or exceptions in any grants or transfers of mineral rights from the Crown;

(x) rights of general application reserved to or vested in any Governmental Authority to levy taxes on any of the Petroleum Substances produced from the Lands or lands pooled or unitized therewith or the income or revenue attributable thereto or in respect of operations thereon or the income therefrom, or to limit, control or regulate any of the Assets, or operations pertaining thereto, in any manner;

(xi) the Sale, Processing and Transportation Agreements and agreements respecting the operation of wells by contract field operators which are either terminable on not greater than thirty-one (31) days' notice (without an early termination penalty or other cost) or otherwise identified in Schedule "F";

(xii) provisions for penalties and forfeitures under agreements as a consequence of non-participation in operations, provided that any such penalties or forfeitures which apply to the Assets shall be identified in Schedule "A";

(xiii) any Security Interest held by a Person encumbering the Assets or any part or portion thereof, in respect of which Vendor delivers an Encumbrance Discharge (specifically, a letter of no interest) to Purchaser at or prior to Closing in a form satisfactory to Purchaser, acting reasonably; and

(xiv) provisions for penalties and forfeitures under operating procedures or similar agreements which will arise if Vendor elects, after the relevant time, not to participate in operations on the Lands to which the penalty or forfeiture will apply, provided that no event has occurred which results in such penalty or forfeiture except as disclosed on Schedule "A".

(pp) "**Person**" means any individual or entity, including any partnership, body corporate, trust, unincorporated organization, union, Governmental Authority and any heir, executor, administrator or other legal representative of an individual.

(qq) "**Personal Information**" has the meaning given to that term in Section 12.1.

(rr) "**Petroleum and Natural Gas Rights**" means Vendor's entire right, title, estate and interest, whether absolute or contingent, legal or beneficial, present or future, vested or not, in and to any lands, leases or title documents in the White Map Area, including the Leases, the Lands, and the Title and Operating Documents, including working interests, royalty interests or any other interest of Vendor in respect of the Leases, the Lands and the Title and Operating Documents and those interests set forth in Schedule "A" and Schedule "A-1", but in all cases excluding the Retained Assets.

(ss) "**Petroleum Substances**" means petroleum, natural gas and related hydrocarbons including all liquid hydrocarbons and all other substances whether liquid, solid or gaseous, whether hydrocarbon or not (excepting coal but including sulphur), capable of being produced in association with petroleum, natural gas and related hydrocarbons the right to explore for which, or an interest in which, is granted under the Title and Operating Documents.

(tt) "**Prime Rate**" means the rate of interest expressed as a rate per annum which the National Bank of Canada announces publicly from time to time as the reference rate used by it for determining the rates of interest on Canadian Dollar commercial loans made by it in Canada and which it refers to as its "prime rate".

(uu) "**Purchase Price**" means five million Dollars ($5,000,000), subject to the adjustments provided for in this Agreement.

(vv) "**Purchaser Default**" means a breach of a representation or warranty made by Purchaser in Section 4.3 or a breach by Purchaser of an obligation, agreement or covenant in this Agreement.

(ww) "**Related Party**" means, in reference to a Party: (i) its Affiliates, successors and assigns; (ii) its directors, officers and employees; (iii) its Affiliates' directors, officers and employees; and (iv) its Representatives.

(xx) "**Release**" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration of any Hazardous Substance, Petroleum Substances, oilfield wastes, produced water or other substances into or through the Environment.

(yy) "**Representatives**" means, in reference to a Party, its and its Affiliates' representatives, agents, legal counsel, consultants and advisors.

(zz) **"Retained Assets"** means the Retained Petroleum and Natural Gas Rights, the Retained Tangibles and the Retained Miscellaneous Interests.

(aaa) **"Retained Facilities"** means the specified interest of Vendor in the facilities described in Schedule "J".

(bbb) **"Retained Lands"** means the lands, formations and associated Petroleum Substances which are set out in Schedule "J";

(ccc) **"Retained Leases"** means, collectively, the petroleum and natural gas leases, licences, permits, reservations and other agreements within, under or upon the lands from which the Retained Petroleum and Natural Gas Rights are derived, comprising of those petroleum and natural gas leases, licences, permits and other agreements described in Schedule "J", by virtue of which Vendor is entitled to explore for, recover, remove or dispose of Petroleum Substances within, upon or under the Retained Lands or lands with which the Retained Lands are pooled or unitized and includes, if applicable, all renewals and extensions of such documents and all documents issued in substitution therefor.

(ddd) **"Retained Miscellaneous Interests"** means Vendor's entire right, title, interest and estate in and to all property, assets and rights (other than the Retained Petroleum and Natural Gas Rights and the Retained Tangibles) to the extent they pertain directly to the Retained Petroleum and Natural Gas Rights, the Retained Lands or the lands pooled or unitized therewith, or the Retained Tangibles, including:

(i) all contracts, agreements, books, records, and documents relating directly to the Retained Petroleum and Natural Gas Rights and the Retained Tangibles;

(ii) all Retained Surface Rights;

(iii) the Retained Wells including, the well bores and casing thereof;

(iv) copies of all non-interpretative production and engineering information prepared for the joint account of the relevant interest owners and relating directly to the Retained Petroleum and Natural Gas Rights; and

(v) all subsisting rights to carry out any operations relating to the Retained Petroleum and Natural Gas Rights or Retained Tangibles and all well licences for the Retained Wells;

(eee) **"Retained Petroleum and Natural Gas Rights"** means Vendor's entire right, title, estate and interest, whether absolute or contingent, legal or beneficial, present or future, vested or not, in the Retained Leases and the Retained Lands, including working interests, royalty interests or any other interest of Vendor in respect of the Retained Leases and the Retained Lands.

(fff) **"Retained Surface Rights"** means all rights of Vendor to enter upon, use, occupy and enjoy the surface of any lands for purposes related to the use, ownership or operation of the Retained Petroleum and Natural Gas Rights, the Retained Tangibles or the Retained Wells, or in order to gain access thereto, whether the same are held by lease, right-of-way or otherwise.

(ggg) **"Retained Tangibles"** means the Retained Facilities and Vendor's entire interest in all other tangible depreciable property which is used or intended to be used solely in connection with production, gathering, treatment, storage, compression, processing, transportation, injection, removal or other operations relating to the Retained Petroleum and Natural Gas Rights and situated within or upon the Retained Lands or lands with which they have been pooled or unitized, including, without limitation, the down-hole and other tangible equipment, if any, relating to the Retained Wells.

(hhh) **"Retained Wells"** means all producing, shut-in, suspended, plugged, abandoned, capped, injection and disposal wells, located on the Retained Lands, in which Vendor has or had an interest, including wells for which reclamation or similar certificates have been issued, all of which are set forth in Schedule "J".

(iii) **"Right of First Refusal"** or **"ROFR"** means a right of first refusal, pre-emptive right of purchase or similar right whereby a Third Party has the right to acquire or purchase a portion of the Assets as a consequence of Vendor having agreed to sell the Assets to Purchaser.

(jjj) **"ROFR Allocation"** has the meaning given to that term in Section 9.1.

(kkk) **"ROFR Assets"** has the meaning given to that term in Section 9.1.

(lll) **"ROFR Holders"** has the meaning given to that term in Section 9.1.

(mmm) **"ROFR Notices"** has the meaning given to that term in Section 9.1.

(nnn) **"Sale, Processing and Transportation Agreements"** means the agreements for the sale of Petroleum Substances produced from the Lands or lands pooled or unitized therewith and agreements providing for the gathering, transportation, compression, processing, treatment or storage of Petroleum Substances produced from the Lands or lands pooled or unitized therewith, all of which are set out in Schedule "F".

(ooo) **"Scheduled Assets"** means (i) the Petroleum and Natural Gas Rights described in Schedule "A" and (ii) the Tangibles and Miscellaneous Interests related to such Petroleum and Natural Gas Rights, but excluding the Retained Assets.

(ppp) **"Schedules"** means the schedules attached to this Agreement in Section 1.6.

(qqq) **"Security Interest"** means any mortgage, charge, pledge, lien, hypothec, assignment by way of security, or other security interest whatsoever or howsoever created or arising, whether absolute or contingent, fixed or floating, perfected or not, which encumbers the title or Vendor or any predecessor in title in and to the Assets or any part or portion thereof or the proceeds to be received as a result of this Agreement.

(rrr) **"Specific Conveyances"** means all conveyances, assignments, transfers, novations and other documents or instruments that are reasonably required or desirable, in accordance with normal oil and gas industry practices, to convey, assign and transfer legal or registered title to the Assets to Purchaser and to novate Purchaser in the Title and Operating Documents in Vendor's place and stead.

(sss) **"Surface Rights"** means all rights of Vendor to enter upon, use, occupy and enjoy the surface of any lands for purposes related to the use, ownership or operation of the Petroleum and Natural Gas Rights, the Tangibles or the Wells, or in order to gain access thereto, whether the same are held by lease, right-of-way or otherwise.

(ttt) **"Survival Period"** means for all representations and warranties, a period ending twelve (12) months following the Closing Date.

(uuu) **"Tangibles"** means the Facilities and Vendor's entire interest in all other tangible depreciable property which is used or intended to be used solely in connection with production, gathering, treatment, storage, compression, processing, transportation, injection, removal or other operations relating to the Petroleum and Natural Gas Rights and situated within or upon the Lands or lands with which they have been pooled or unitized, including, without limitation, the down-hole and other tangible equipment, if any, relating to the Wells.

(vvv) **"Third Party"** means any Person other than Vendor, Purchaser and their Affiliates.

(www) **"Title and Operating Documents"** means any and all agreements, instruments and other documents that govern the ownership, operation or development of the Assets including:

(i) any contract or agreement pursuant to which Vendor derives any interest in the Assets, including without limitation, the Leases, the Permits, the Sale, Processing and Transportation Agreements, agreements of purchase and sale, farm-in agreements, pooling agreements, Unit Agreements and royalty agreements;

(ii) any contract or agreement entered into in the normal course of the oil and gas business in respect of the exploitation of Petroleum and Natural Gas Rights or the operation of Tangibles, including, without limitation, joint operating agreements, farmout agreements, pooling agreements, Unit Agreements, Unit Operating Agreements, royalty agreements, common stream agreements, production sales agreements or other arrangements whereby Vendor is obligated to sell, transport or deliver to any Person, any Petroleum Substances allocable to the Petroleum and Natural Gas Rights, gas processing agreements, gas gathering agreements, agreements relating to Surface Rights and agreements for the construction, ownership or operation of Tangibles;

(iii) agreements that create or relate to Surface Rights; and

(iv) trust declarations and other documents and instruments that evidence Vendor's interest in the Assets.

(xxx) **"Transaction"** means the purchase and sale of the Assets and all other transactions contemplated by this Agreement.

(yyy) **"Transferring Contractors"** means those independent contractors who provide services to Vendor in relation to the Assets.

(zzz) **"Transferring Employees"** means those individuals whose employment with Vendor is directly and principally related to the Assets.

(aaaa) **"Transferring Person"** and **"Transferring Personnel"** has the meaning given to that term in Section 12.1.

(bbbb) **"Transition Services Agreement"** means the transition services agreement to be entered into by Vendor and Purchaser in the form attached hereto as Schedule "P".

(cccc) **"Trust Agreement"** means the trust agreement to be entered into by Vendor and Purchaser in the form attached hereto as Schedule "N".

(dddd) **"Unexpired ROFRs"** has the meaning given to that term in Section 9.3(c).

(eeee) **"Unit"** means the scheme or schemes of unitization for the production of Petroleum Substances to which the Petroleum and Natural Gas Rights are subject, as described in Schedule "O".

(ffff) **"Unit Agreement"** means the agreement or agreements pursuant to which the Unit was formed.

(gggg) **"Unit Interest"** means Vendor's entire right, title, interest and estate in and to the applicable Unit to which such right, title, interest and estate applies, including Vendor's interests, which are attributable to the Petroleum and Natural Gas Rights.

(hhhh) **"Unit Operating Agreements"** means the plan of unit operations forming part of the Lands.

(iiii) **"Vendor Default"** means a breach of a representation or warranty made by Vendor in Section 4.1, or a breach by Vendor of an obligation, agreement or covenant in this Agreement.

(jjjj) **"Wells"** means all producing, shut-in, suspended, plugged, abandoned, capped, injection and disposal wells, located on the Lands, in which Vendor has or had an interest, including wells for which reclamation or similar certificates have been issued, all of which are set forth in Schedule "B".

(kkkk) **"White Map Area"** means the area outlined in Schedule "A-1", but specifically excluding the Retained Assets.

1.2 **Interpretation**

Unless otherwise stated or the context otherwise necessarily requires, in this Agreement:

(a) references herein to any agreement or instrument, including this Agreement, shall be a reference to the agreement or instrument as varied, amended, modified, supplemented or replaced from time to time;

(b) the terms "in writing" or "written" include printing, typewriting or facsimile transmission;

(c) references to a statute shall be a reference to (i) such enactment as amended or reenacted from time to time and every statute that may be substituted therefor; and (ii) the regulations, bylaws or other subsidiary legislation made pursuant to such statute;

(d) words importing the singular number only shall include the plural and vice versa, and words importing the use of any gender shall include all genders;

(e) a reference to time shall, unless otherwise specified, refer to Mountain Standard Time or Mountain Daylight Savings Time during the respective intervals in which each is in force in Alberta;

(f) "including", "includes" and like terms means "including without limitation" and "includes without limitation";

(g) the headings of Articles and Sections in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement;

(h) the terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement in its entirety and include any agreement supplemental hereto; and

(i) unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement and references herein to Schedules are references to Schedules to this Agreement.

1.3 **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 shall be construed as having been contingent upon Closing having occurred.

1.4 **Conflicts**

If there is any conflict or inconsistency between a provision of the body of this Agreement and that of a Schedule or a conveyance document, the provision of the body of this Agreement shall prevail.

1.5 Time Periods

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

1.6 Schedules

The following Schedules are incorporated herein by reference and made a part of this Agreement:

Schedule "A"	-	Assets and Encumbrances
Schedule "A-1"	-	White Map Area
Schedule "B"	-	Wells and Facilities
Schedule "C"	-	Form of General Conveyance
Schedule "D"	-	Claims and Non-Compliance Matters
Schedule "E"	-	Form of Officer's Certificate
Schedule "F"	-	Sale, Processing and Transportation Agreements
Schedule "G"	-	Rights of First Refusal
Schedule "H"	-	Financial Commitments
Schedule "I"	-	AFEs
Schedule "J"	-	Retained Assets
Schedule "K"	-	Carried Interests
Schedule "L"	-	Escrow Agreement
Schedule "M"	-	Confidentiality Agreement
Schedule "N"	-	Trust Agreement
Schedule "O"	-	Unit Agreements
Schedule "P"	-	Transition Services Agreement
Schedule "Q"	-	[Intentionally Deleted]
Schedule "R"	-	[Intentionally Deleted]
Schedule "S"	-	Transferring Personnel

1.7 Vendor's Knowledge

For all purposes of this Agreement, where a representation and warranty is made by Vendor on the basis of the knowledge of Vendor, such knowledge of Vendor consists of the actual knowledge of the current senior management or officers of Vendor whose responsibilities relate to the day-to-day administration of Vendor's interests in the Assets. Except as specifically set forth herein, Vendor shall not be required to make any inquiry for any representation or warranty to this knowledge.

ARTICLE 2
PURCHASE AND SALE

2.1 Purchase and Sale

Upon the terms and subject to the conditions of this Agreement, at Closing, Vendor agrees to sell, assign, transfer, convey and set over to Purchaser, and Purchaser agrees to purchase from Vendor, all of Vendor's right, title, interest and estate in and to the Assets for the Purchase Price.

2.2 Allocation of Purchase Price

The Purchase Price shall be allocated as follows:

To Petroleum and Natural Gas Rights:	$4,000,000.00
To Tangibles:	$999,990.00
To Miscellaneous Interests:	$10.00
TOTAL	**$5,000,000.00**

2.3 Deposit

Purchaser deposited $50,000 with Vendor on April 17, 2017 as an earnest money deposit (the "**Deposit**"). If the Closing Date is extended at the request of Purchaser and with the agreement of Vendor, the Deposit shall be increased by the sum of $200,000 to $250,000, and Purchaser shall deposit with Vendor, on the date such agreement extending the Closing Date is executed by the Parties, the sum of $200,000, such that the Deposit is increased to an aggregate deposit of $250,000. In the event of such increase in the Deposit, the increased Deposit shall be thereafter referred to as the "**Deposit**".

The following provisions shall apply in respect of the Deposit:

(a) if Closing occurs, the Deposit shall be credited against the Purchase Price;

(b) if Closing does not occur due to a Purchaser Default, the Deposit shall be forfeited to Vendor as the sole remedy of Vendor in respect of the Purchaser Default and the non-occurrence of the Closing, and Vendor shall not have any other rights against Purchaser in respect thereof, and, for clarity, such Deposit shall be in the amount of $250,000; and

(c) if Closing does not occur for any reason other than a Purchaser Default, the Deposit plus deemed interest at the Prime Rate plus two percent (2%) shall be paid to Purchaser.

2.4 Payment of Purchase Price

At the Closing, Purchaser shall pay to Vendor, an amount equal to the Purchase Price,

(a) less the Deposit; and

(b) plus or minus, as the case may be, the amount of the adjustments to be made at Closing pursuant to Article 3.

2.5 Taxes

(a) The Purchase Price does not include GST. At Closing, Purchaser shall pay to Vendor, an amount equal to the statutory rate of GST of the portion of the Purchase Price allocated to Tangibles pursuant to Section 2.2 on account of the GST payable by Purchaser in respect of its purchase of the Assets pursuant hereto. Vendor shall remit such amount to the appropriate taxation authorities in accordance with the GST Legislation. Purchaser shall be responsible for the payment of any additional GST payable in accordance with GST Legislation in respect of its purchase of the Assets pursuant hereto and any interest and penalties payable in respect of such additional GST. Each Party represents that it is registered for GST purposes.

(b) Purchaser shall also be solely liable for any and all sales, value added, land transfer and similar taxes imposed by Applicable Law or by applicable Governmental Authorities in respect of the purchase of the Assets pursuant hereto. If Vendor, as agent for the Crown, is required under Applicable Law to collect such taxes, Purchaser shall pay the aggregate amount of such taxes to

Vendor, at Closing. Vendor shall remit such amount to the appropriate authorities in accordance with Applicable Law.

(c) After Closing, Purchaser shall be responsible for, and shall indemnify and save Vendor harmless in respect of any, additional amounts of GST, and any sales, value added, land transfer and similar taxes imposed by Applicable Law or by applicable Governmental Authorities (including interest and penalties) in respect of the purchase and sale of the Assets pursuant hereto which are in excess of the amounts collected by Vendor from Purchaser at Closing.

2.6 **Manner of Payment**

(a) Unless the Parties agree otherwise, all payments to be made pursuant to this Agreement shall be made by wire transfer in immediately available funds. A payment made by wire transfer shall be deemed to have been received by the Party entitled to receive such payment only upon such Party receiving a confirmation from its bank that such payment has been made.

(b) The Parties shall provide each other with wire transfer instructions at least two (2) Business Days before the Closing Date.

2.7 **Governmental Security Deposits**

If, prior to or after the Closing Date, a Governmental Authority requires from a Party, as a pre-requisite to or a condition of the transfer of any Permit pertaining to the Assets, a security deposit or any kind of monetary payment, such amount shall be paid by such Party as and when due.

ARTICLE 3
ADJUSTMENTS

3.1 **Costs and Revenues to be Apportioned**

Except as otherwise provided in this Agreement, all costs and expenses (including, maintenance, development, capital and operating costs) and all revenues (including proceeds from the sale of production and fees from processing, treating or transporting Petroleum Substances on behalf of Third Parties), in each case, of any kind or nature accruing, payable, paid, received or receivable with respect to the Assets shall be apportioned as of the Effective Time between Vendor and Purchaser on an accrual basis for the interim statement of adjustments and on an actual basis for the final statement of adjustments prepared, in each case, in accordance with generally accepted accounting principles by Vendor, provided that:

(a) costs and expenses of work performed or goods or services provided in respect of the Assets shall be deemed to have accrued as of the date the work was performed or the goods (other than inventory) or services are provided, regardless of when such costs and expenses become payable;

(b) where Vendor is the operator of any particular Asset, Vendor will be entitled to all overhead recoveries and operator's fees paid by Third Parties for the period up to the Closing Date;

(c) revenues from the sale of Petroleum Substances will be adjusted on the basis of the date the Petroleum Substances are produced;

(d) all rentals and similar payments, property taxes (including freehold mineral taxes) and other periodic costs (other than capital taxes and income taxes) that relate to the Assets or operations in respect thereof shall be apportioned between Vendor and Purchaser on a per diem basis as of the Effective Time, whether paid during or relating to a period before or after the Effective Time;

(e) Petroleum Substances which were produced from the Lands or lands pooled or unitized therewith but not sold as of the Effective Time shall be credited to Vendor net of treating, processing and transportation costs incurred in respect thereof after the Effective Time and net of applicable royalties or any other encumbrances thereon. Petroleum Substances will be deemed to be sold on a first in, first out basis; and

(f) no adjustment shall be made in respect of royalty tax credits, holidays, reductions, rebates, incentives, drilling credits or similar incentives and arrangements, insurance costs, or general administrative or overhead costs recovered by Vendor in its capacity of operator.

3.2 **Adjustments to Account**

(a) An interim accounting of the adjustments pursuant to Section 3.1 shall be made at Closing, based on Vendor's good faith estimate of the costs and expenses accrued prior to Closing and the revenues received by Vendor prior to Closing. No later than five (5) Business Days prior to Closing, Vendor shall prepare and deliver to Purchaser for its review an interim accounting and adjustment (including all required backup information confirming such adjustments), being the interim statement of adjustments, to be prepared pursuant to Section 3.1. The Parties shall cooperate in settling the adjustments and payment to be made on an interim basis and the amount so agreed shall be employed for the purpose of Closing.

(b) Within one hundred eighty (180) days following the Closing Date, Vendor shall prepare and forward to Purchaser a final accounting and adjustment ("**Final Statement of Adjustments**"). Purchaser shall have thirty (30) days from receipt of the Final Statement Adjustments to review same. The parties shall cooperate in good faith to finalize the Final Statement of Adjustments. Subject to subsections 3.2(c) and 3.2(d), settlement of accounts shall be considered concluded when the Parties have signed their approval on the Final Statement of Adjustments. Amounts payable under the Final Statement of Adjustments shall be settled by payment to or by Vendor and Purchaser, as the case may be, within thirty (30) days of the Parties' signing the Final Statement of Adjustments. The intention of the Parties is that the final settlement shall occur within one hundred eighty (180) days following the Closing Date. The Parties recognize that adjustments may be made after that time where it is impossible to do so within the one hundred eighty (180) day timeframe, but no adjustments shall be made beyond one (1) year after the Closing Date.

(c) During the one (1) year period following Purchaser's receipt of the Final Statement of Adjustments, Purchaser may audit the books, records and accounts of Vendor respecting the Assets, for the purpose of effecting adjustments pursuant to this Article. Such audit shall be conducted upon reasonable notice to Vendor at Vendor's offices during Vendor's normal business hours, and shall be conducted at the sole expense of Purchaser. Any claims of discrepancies disclosed by such audit shall be made in writing to Vendor within thirty (30) days following the completion of such audit and Vendor shall respond in writing to any claims of discrepancies within thirty (30) days from receipt of such claims.

Notwithstanding subsection 3.2(b), the Parties shall be required to make further adjustments pursuant to this Article 3 if the adjustment arises from the provisions of the Title and Operating Documents or agreements with respect to Crown royalty audits, joint venture audits or thirteenth-month adjustments which are outstanding at, or occur after, the Closing Date, and shall be made as they occur in accordance with the provisions of existing Applicable Law or the terms of the Title and Operating Documents and shall be received or paid by the Party thereto entitled or thereby obliged.

(d) All adjustments provided for in this Article shall be adjustments to the Purchase Price and, for the purposes of Section 2.2, shall be allocated to the Petroleum and Natural Gas Rights. An adjustment payable by a Party after Closing pursuant to this Section 3.2 which is not paid within thirty (30) days of a written request for payment from the other Party, shall bear interest at the Prime Rate plus two percent (2%) per annum payable by the paying Party to the other Party from the end of such thirty (30) day period until the adjustment is paid.

(e) GST shall be payable and applied to adjustments where required by any Applicable Law and shall be paid by the appropriate Party.

3.3 **Arbitration of Disputes**

Either Party may, at any time, refer to arbitration a dispute between the Parties respecting the requirement for or the amount of an adjustment pursuant to the provisions of this Article 3.

3.4 **Deposits, Cash Calls and Operating Funds**

The Assets do not include deposits made by Vendor which relate to the Assets or cash call advances or operating fund payments, including similar advances made by Vendor in connection with the Assets. Such amounts shall, at the option of Vendor, either be returned to Vendor and (if required) replaced by Purchaser or be transferred by Vendor to Purchaser, in which event Purchaser shall reimburse the amount thereof to Vendor.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

4.1 **Representations and Warranties of Vendor**

Vendor represents and warrants to Purchaser, as of the date of this Agreement and as of the Closing Date, that:

Regarding Vendor

(a) Organization and Status: Vendor is a company formed by amalgamation, organized and existing under the laws of British Columbia and has the requisite power and authority to enter into this Agreement and all other documents, instruments and agreements contemplated by this Agreement and to consummate the transactions contemplated thereby. Vendor is duly qualified to carry on business in the jurisdiction(s) where the Assets are located;

(b) Authorization, Execution and Enforceability: The execution, delivery and performance of this Agreement and the completion of the transactions contemplated hereby have been duly and validly authorized by any and all requisite actions of Vendor. This Agreement does, and any and all other agreements executed and delivered by Vendor in connection herewith will, constitute valid and binding obligations of Vendor, enforceable against Vendor in accordance with their terms, subject to (i) bankruptcy, insolvency, fraudulent preference, reorganization or other laws affecting creditors' rights generally, and (ii) general principles of equity;

(c) No Conflict: The execution and delivery of this Agreement are not, and (provided that all required regulatory approvals are obtained and except for consents and approvals that will be delivered by Vendor at Closing and Customary Post Closing Consents) the completion of the transactions contemplated hereby in accordance with the terms of this Agreement will not be, in violation or breach of or in conflict with or require any consent, authorization or approval under:

(i) any term or provision of the constating and governing documents of Vendor;

(ii) any agreement, instrument, license, permit or other governmental authorization to which Vendor is a party or by which Vendor is bound;

(iii) any Claim, judgment, decree, order, statute, regulation, rule, or license applicable to Vendor; or

(iv) any Applicable Law;

(d) No Finder's Fee: Vendor has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of this Agreement or the transaction contemplated hereby for which Purchaser shall have any obligation or liability;

(e) Residency: Vendor is not a "non-resident" of Canada for the purposes of the Income Tax Act;

(f) GST Registrant: Vendor is a registrant for the purposes of the *Excise Tax Act* (Canada). The GST registration number of Vendor is 73833 7724 RT0001;

Regarding the Assets

(g) Title to Assets: Vendor does not warrant title to the Assets but does warrant that, other than Permitted Encumbrances:

(i) Vendor's interests in the Assets are free and clear of all Encumbrances created by, through or under Vendor and Vendor has no knowledge of any other Encumbrances in respect of the Assets, and that Vendor has done no act or thing and is aware of no circumstance, matter or thing where any of the Assets may be cancelled or determined;

(ii) subject to the rents, covenants, conditions and stipulations in the Title and Operating Documents and any other agreement to which the Assets are subject, Purchaser shall be entitled to enter into and upon, hold and enjoy the Assets without any lawful interruption by any Person claiming by, through or under Vendor or its Affiliates;

(iii) the Petroleum and Natural Gas Rights are not subject to reduction by virtue of the conversion or other alteration of the interest of any Third Party claiming by, through or under Vendor; and

(iv) to Vendor's knowledge, none of the Wells is subject to a production penalty or any similar production reduction of any nature arising under a contract as a result of an election by it not to participate in a drilling or other operation; and

(v) Vendor has not received notice of any change or proposed change in the government established production allowables for any of the Wells;

(h) No Default Notices: Except as described in Schedule "D", to Vendor's knowledge after having made reasonable inquiry and a review of the files and records of Vendor in respect thereof, it has not received notice of default under any Applicable Law or the Title and Operating Documents in respect of any of the Assets, which default remains outstanding as of the date hereof;

(i) Compliance with Agreements and Laws: Except as described in Schedule "D", there has been no act or omission whereby Vendor is, or would be, in default under Applicable Law, or under any of the Title and Operating Documents, nor to Vendor's knowledge has there been a breach or default by a Third Party thereunder, which default would be reasonably expected to have a material adverse effect on the value of the Assets.

(j) Financial Commitments: Except as set forth in Schedule "I", there are no outstanding AFEs or other financial commitments respecting the Assets pursuant to which expenditures of greater than twenty-five thousand dollars ($25,000.00) may be required by Vendor after the Closing Date;

(k) Claims: Except for the Claims listed in Schedule "D", there are no Claims which have been served upon Vendor or its Affiliates, or to Vendor's knowledge, threatened, in respect of, or relating to, the Assets;

(l) Take or Pay Obligations: The Assets are not affected by any take or pay obligations except as identified in Schedule "H";

(m) Royalties: To Vendor's knowledge, all ad valorem, property, royalties, production, Crown royalties, deposits, rentals, freehold and overriding royalties, severance and similar taxes and assessments based on or measured by the ownership of the Assets payable by Vendor in respect of the Assets have been paid and discharged;

(n) Environmental Matters: Vendor has made available to Purchaser for its review all information and documentation to Purchaser regarding Environmental Liabilities in Vendor or its Affiliates' possession and, except as set out in Schedule "D", Vendor has no knowledge of, and neither Vendor nor any Affiliate has received:

(i) any order or directive which relates to Environmental Liabilities and which requires any work, repairs, construction or capital expenditures with respect to the Assets which is outstanding as at the date hereof; or

(ii) any demand or notice issued with respect to the breach of any Environmental law, statute, regulation, rule or order relating to the Assets which demand or notice remains outstanding as at the date hereof;

(o) Sale, Processing and Transportation Agreements: Except as set forth in Schedule "F", Vendor is not a party to or bound by any Sale, Processing or Transportation Agreements in respect of the Assets which cannot be terminated without penalty on notice from Vendor of thirty-one (31) days or less;

(p) Material Breach: There is no breach or default on Vendor's part in any material respect under any Sale, Processing and Transportation Agreement, nor to Vendor's knowledge has there been any material breach or default by any Third Party under any such agreement;

(q) Documents: Vendor has made available to Purchaser for its review, all of the Title and Operating Documents in the possession of Vendor or any of its Affiliates that are relevant to the Assets;

(r) Contracts: Except for the Sale, Processing and Transportation Agreements, Vendor has no interest in any (i) gas balancing or similar agreements pertaining to the Petroleum Substances or any of them, (ii) agreements for the sale, dedication, transportation, processing or disposal of, Petroleum Substances or any of them or substances produced in connection with the Petroleum Substances or any of them which are not terminable on 31 days' notice or less without penalty or payment therefor, or (iii) agreements for the contract operation by a Third Party of the Assets or any of them which are not terminable on 31 days' notice or less without penalty or payment therefor.

(s) Operations: Where:

(i) Vendor or any of its Affiliates is the operator of the Assets, during the periods of time when Vendor was operating such Assets, all operations have been conducted in compliance with Applicable Law; and

(ii) neither Vendor nor its Affiliates is not the operator of the Assets, to Vendor's knowledge, all operations related to the Assets have been conducted in compliance with all Applicable Law and in accordance with good oil and gas industry practices.

(t) Area of Mutual Interest: None of the Title and Operating Documents includes an area of mutual interest or an area of exclusion;

(u) Rights of First Refusal: Except as described in Schedule "G", there are no Rights of First Refusal applicable to Vendor or any of the Assets that become operative by virtue of this Agreement or the transaction contemplated hereby;

(v) Penalties: Except as described in Schedule "A", Vendor has not elected or refused to participate in any exploration, development or other operation on the Lands, which has given or may give rise to penalties or forfeitures;

(w) Offset Obligations: Vendor has not received notice of any offset obligations arising under any of the Leases, including any unsatisfied obligation to drill a well or surrender rights or an obligation to pay compensatory royalties;

(x) No Excluded Assets: There are no Miscellaneous Interests (other than Retained Miscellaneous Interests) or Tangibles (other than Retained Tangibles) excluded from the Assets;

(y) Condition of Tangibles: In respect of the Scheduled Assets, Vendor's interest in and to all property, assets, interests and rights comprising the Tangibles is equivalent to Vendor's interest in and to the corresponding Petroleum and Natural Gas Rights and, to Vendor's knowledge, the Tangibles have been constructed, maintained and operated in accordance with good oil and gas field practices and with the material requirements of Applicable Law. No Tangibles will be removed from the Lands or other properties used and useful in respect of the Assets after the date hereof;

(z) Material Loss or Damage: To Vendor's knowledge, from the Effective Date to the date hereof, there has been no change in the Assets which has or would have a material adverse effect on the value, use or operation thereof;

(aa) Well Abandonment: Except as disclosed to Purchaser in the Disclosure Schedule, Vendor has not received notice under Applicable Law to abandon any Well which has not been properly abandoned in accordance with Applicable Law;

(bb) No Carried Interest: To Vendor's knowledge, other than as disclosed on Schedule "K", Vendor is not obligated to pay costs related to the Assets attributable to the interests of a Third Party;

(cc) Receipt of Revenues: To Vendor's knowledge after having made reasonable inquiry and a review of the files and records of Vendor in respect thereof, Vendor has been receiving its share of the net proceeds of production of Petroleum Substances as shown in Schedule "A", and no Third Party is currently claiming that Vendor is not entitled to such amounts, with the possible exception of claims of accounting errors which do not challenge the percentage share of revenues to which Vendor is entitled and which are not material;

(dd) Prepaid Obligations: Vendor is not obligated by virtue of a prepayment, gas balancing, or other arrangement under any contract to make any production payment or to deliver leased substances to any Third Party at some future time without receiving in due course (and being entitled to retain) full payment therefor at current market prices or contract prices; and

4.2 **No Additional Representations Or Warranties By Vendor**

(a) Vendor makes no representations or warranties to Purchaser other than those in Section 7.1. Except and to the extent provided in Section 4.1, Vendor does not warrant title to the Assets or make representations or warranties with respect to:

(i) the quantity, quality or recoverability of Petroleum Substances;

(ii) any estimates of the value of the Assets or the revenues applicable to future production therefrom;

(iii) any engineering, geological or other interpretations or economic evaluations respecting the Assets;

(iv) the rates of production of Petroleum Substances from the Assets; and

(v) the quality, condition or serviceability of the Assets or suitability of their use for any purpose.

(b) Purchaser acknowledges that it has made its own independent investigation, analysis, evaluation and inspection of the Assets and the state and condition thereof and that it has relied, in part, on such investigation, analysis, evaluation and inspection as to its assessment of the Assets.

(c) In acquiring the Assets, Purchaser acknowledges and confirms that, except as expressly provided in this Agreement, it will accept the Assets on the basis that the Assets are on an "as is-where is" basis without representation and warranty.

4.3 **Representations and Warranties of Purchaser**

Purchaser represents and warrants to Vendor that:

(a) Organization and Standing: Purchaser is a corporation duly organized and validly subsisting under the laws of Alberta and is duly qualified to carry on business in the jurisdiction(s) where the Assets are located, and to hold legal title to the Assets;

(b) Authorization, Execution and Enforceability: The execution, delivery and performance of this Agreement and the completion of the transactions contemplated hereby have been duly and validly authorized by any and all requisite corporate actions of Purchaser. This Agreement does and any other agreements executed and delivered by Purchaser in connection herewith will constitute valid and binding obligations of Purchaser enforceable against Purchaser in accordance with their terms, subject to (i) bankruptcy, insolvency, fraudulent preference, reorganization or other laws affecting creditors' rights generally, and (ii) general principles of equity;

(c) No Conflict: The execution and delivery of this Agreement are not, and (provided that all required regulatory approvals are obtained and except for consents and approvals that will be delivered by Purchaser at Closing) the completion of the transactions contemplated hereby in accordance with the terms of this Agreement will not be, in violation or breach of or in conflict with or require any consent, authorization or approval under:

(i) any term or provision of the constating and governing documents of Purchaser;

(ii) any agreement, instrument, license, permit or other governmental authorization to which Purchaser is a party or by which such Purchaser is bound; or

(iii) any judgment, decree, order, statute, regulation, rule, or license applicable to Purchaser;

(d) Qualification: Purchaser, at the time of transfer contemplated pursuant hereto, shall meet all qualification requirements of Governmental Authorities to take such transfers, including the License Transfers, and shall accede to, comply with and perform all requirements of such Governmental Authorities in connection therewith;

(e) No Claims: There are no Claims (i) filed by, on behalf of, or against Purchaser, or (ii) imposed by any Governmental Authority or regulatory body, in either case, whether or not insured and which may adversely affect Purchaser or Purchaser's ability (financial or otherwise) to complete the transactions, contemplated by this Agreement;

(f) Availability of Funds: Purchaser has or at Closing will have funds available to make payment of the Purchase Price and all other amounts to be paid by Purchaser hereunder;

(g) Regulatory Approvals: Except for British Columbia Oil and Gas Commission approvals, there are no regulatory approvals or rulings required to be obtained by such Purchaser in respect of the transactions contemplated by this Agreement;

(h) No Finder's Fee: Purchaser has not incurred any obligation or liability, contingent or otherwise, for broker's or finder's fees in respect of this Agreement or the transactions contemplated hereby for which Vendor shall have any obligation or liability;

(i) Bankruptcy: There are no bankruptcy, reorganization or receivership proceedings pending against, being contemplated by, or, to Purchaser's knowledge, threatened against Purchaser; and

(j) GST Registrant: Purchaser is a registrant for the purposes of the *Excise Tax Act* (Canada). The GST registration number of Purchaser is 71784 7925 RT0001.

4.4 Survival of Representations and Warranties

Except where a time is specified therein, the representations and warranties in this Article 4 shall be true and correct as of the date hereof and at the Closing Date, and such representations and warranties shall continue in full force and effect and shall survive the Closing for the Survival Period at which point in time they shall expire and be of no further force and effect.

ARTICLE 5
CONDITIONS OF CLOSING

5.1 Purchaser's Conditions

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

(a) Approvals: Other than the Permits, before Closing, Vendor shall obtain all filings, notifications and consents to or from any relevant Government Authority and Third Party as Vendor requires to permit the completion of the Transaction;

(b) Representations and Warranties: The representations and warranties of Vendor in this Agreement shall be true and correct in all material respects as of the date hereof and as of the Closing Date, and Vendor shall have delivered an officer's certificate in the form of Schedule "E" to that effect to Purchaser at Closing;

(c) No Substantial Damage: There shall have been no damage to, or alteration of, any of the Tangibles between the Effective Time and the Closing Date which would materially and adversely affect the value of the Tangibles, and Vendor shall have delivered an officer's certificate in the form of Schedule "E" to that effect to Purchaser at Closing;

(d) Compliance with Covenants: Vendor shall have performed or complied in all material respects with all of its obligations, covenants and agreements contained in this Agreement to be performed or complied with at or prior to Closing, and Vendor shall have delivered an officer's certificate in the form of Schedule "E" to that effect to Purchaser at Closing;

(e) No Action or Proceeding: At the Closing Date, no Claim shall be pending before any court or Governmental Authority seeking to restrain or prohibit the transactions contemplated hereby or to obtain material damages or other relief from Purchaser in connection with the consummation of the transactions contemplated hereby;

(f) Closing Deliveries: Vendor shall have complied with Section 6.3;

(g) Outside Date: The Closing shall have occurred not later than the Outside Date; and

(h) Due Diligence: Before Closing, Purchaser shall be satisfied with the results of its investigations, analyses, evaluations and inspections in respect of the Encumbrances to which the Assets are subject, provided that this Subsection 5.1(h) shall only be applicable to Encumbrances that would not be acceptable to a knowledgeable, prudent purchaser buying similar oil and gas properties, acting reasonably.

5.2 **Vendor's Conditions**

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

(a) Representations and Warranties: The representations and warranties of Purchaser in this Agreement shall be true and correct in all material respects as of the date hereof and as of the Closing Date, and Purchaser shall have delivered an officer's certificate in the form of Schedule "E" to that effect to Vendor at Closing;

(b) Compliance with Covenants: Purchaser shall have performed or complied in all material respects with all of its obligations, covenants and agreements contained in this Agreement to be performed or complied with at or prior to Closing, and Purchaser shall have delivered an officer's certificate in the form of Schedule "E" to that effect to Vendor at Closing;

(c) Tender: Purchaser shall have tendered or caused to be tendered to Vendor all amounts to be paid by Purchaser to Vendor at Closing pursuant to this Agreement in the form stipulated in this Agreement;

(d) No Action or Proceeding: At the Closing Date, no Claim shall be pending before any court or Governmental Authority seeking to restrain or prohibit the transactions contemplated hereby or to obtain material damages or other relief from Vendor in connection with the consummation of the transactions contemplated hereby;

(e) Closing Deliveries: Purchaser shall have complied with Section 6.4;

(f) Outside Date: The Closing shall have occurred not later than the Outside Date; and

5.3 **Efforts to Fulfill Conditions**

(a) Each of Purchaser and Vendor shall proceed diligently, honestly and in good faith and use all reasonable efforts with respect to matters within its control to satisfy and comply with and assist in the satisfaction of and compliance with the conditions set forth in Section 5.1, in respect of Purchaser, and Section 5.2, in respect of Vendor.

(b) Upon Closing occurring, each condition set out in Section 5.1 and Section 5.2 shall be deemed to have been satisfied or waived.

5.4 **Failure to Satisfy a Condition**

If a condition in Section 5.1 or Section 5.2 has not been satisfied on or before the Closing Date and such condition has not been waived in writing by the Party for whose benefit such condition has been included herein, such Party may terminate this Agreement by written notice to the other Party prior to the Closing Date without limiting any of its available rights or remedies, provided that a Party shall not be permitted to exercise or purport to exercise any right of termination pursuant to this Section 5.4 if the event or circumstances giving rise to such right is due to a Default by such Party.

5.5 **Effect of Termination**

If this Agreement is terminated prior to the Closing occurring pursuant to Section 5.4, the Parties shall be released from all obligations under this Agreement except as follows:

(a) Section 2.3 shall remain in effect and be binding and enforceable in accordance with its terms; and

(b) the Confidentiality Agreement shall remain in full force and effect in accordance with its terms.

Subject to the foregoing provisions of this Section 5.5, following such termination, each Party shall be responsible for the costs and expenses incurred by it in connection with this Agreement and the transactions contemplated hereby.

ARTICLE 6
CLOSING

6.1 **Place and Date of 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.

6.2 **Effective Time**

Purchaser's assumption of the benefits, obligations and risks associated with the Assets will be effective as of the Effective Time, provided Closing occurs. However, possession of the Assets will not pass to Purchaser until Closing.

6.3 **Vendor Deliveries at Closing**

At Closing, Vendor shall deliver, or cause to be delivered, to Purchaser, the following:

(a) a receipt for payment of the amounts payable to Vendor pursuant to Section 2.4;

(b) Encumbrance Discharges, in form satisfactory to Purchaser acting reasonably, in respect of all Encumbrances to the extent they encumber the Assets (except to the extent such Security Interests are Permitted Encumbrances);

(c) the Specific Conveyances executed by Vendor;

(d) an officer's certificate of Vendor in the form of Schedule "E";

(e) the General Conveyance executed by Vendor;

(f) the Escrow Agreement executed by Vendor;

(g) the Trust Agreement executed by Vendor;

(h) the Transition Services Agreement executed by Vendor;

(i) copies of consents to disposition and all Rights of First Refusal notices sent by Vendor and notices of exercise and waivers of Rights of First Refusal obtained by Vendor prior to Closing;

(j) all required filings, notifications and consents from Third Parties, other than Customary Post Closing Consents; and

(k) any other documents required to be delivered by Vendor to Purchaser at Closing pursuant to this Agreement or as Purchaser may reasonably require.

6.4 **Purchaser Deliveries at Closing**

At Closing, Purchaser shall deliver, or cause to be delivered, to Vendor, the following:

(a) the amounts payable by Purchaser at the Closing pursuant to Section 2.4;

(b) the General Conveyance executed by Purchaser;

(c) the Specific Conveyances executed by Purchaser;

(d) the Escrow Agreement executed by Purchaser;

(e) the Trust Agreement executed by Purchaser;

(f) the Transition Services Agreement executed by Purchaser;

(g) an officer's certificate of Purchaser in the form of Schedule "E"; and

(h) any other documents required to be delivered by Purchaser to Vendor at the Closing pursuant to this Agreement.

6.5 **Specific Conveyances**

(a) Other than transfers of the Permits which are not yet in Vendor's name and which shall be governed by Section 6.6, Vendor shall, at its cost, prepare all necessary Specific Conveyances for delivery at Closing. For any Specific Conveyances (other than Permit transfers) not delivered at Closing, with the prior written consent of Purchaser, Vendor shall deliver such Specific Conveyances within ten (10) Business Days following Closing. None of the Specific Conveyances shall confer or impose upon a Party any greater rights or obligations than contemplated in this Agreement. It shall not be necessary for any Specific Conveyances to have been executed prior to or at Closing by Third Parties.

(b) Promptly after Closing, Vendor shall, at Purchaser's cost, deliver all Specific Conveyances (other than the Permit transfers) to the appropriate Governmental Authorities and Third Parties in accordance with normal industry practices, and shall, at Purchaser's cost, attend to the registration with the applicable Governmental Authorities of the Specific Conveyances. The Parties shall use all reasonable efforts so that, as soon as reasonably practicable following Closing, Purchaser is recognized by Third Parties as the holder of the Assets.

(c) Subject to and without limiting Section 6.6, Purchaser shall bear all costs, fees and deposits of every nature and kind incurred (whether by Vendor or Purchaser) in registering any Specific Conveyances and registering any further assurances required to convey the Assets to Purchaser.

6.6 **License Transfers**

(a) Certain Permits are not yet in Vendor's name and, as such, License Transfers will be managed pursuant to the terms of the Trust Agreement.

(b) Vendor shall perform any task and make any security deposit with the British Columbia Oil & Gas Commission in order to ensure that all Permits are transferred to Vendor within sixty (60) days of Closing, so that such Permits can be transferred to Purchaser in accordance with the terms of the Trust Agreement.

6.7 **Title and Operating Documents**

Vendor shall deliver or cause to be delivered to Purchaser within ten (10) Business Days following Closing, the original copies of the Title and Operating Documents and the original copies of all records, documents, licenses, reports and data (including, to the extent available, electronic records) comprising the Miscellaneous Interests and that are in the possession or control of Vendor or any of its Affiliates. Notwithstanding the foregoing, if and to the extent such contracts, agreements, records, documents, licenses, reports and data also pertain to interests other than the Assets, photocopies or other copies may be provided to Purchaser in lieu of original copies.

6.8 **White Map Area**

The Parties agree that, except for the rights and interests of Vendor relating to the Retained Assets, all beneficial rights and interests of Vendor and its Affiliates within the White Map Area are included as part of the Assets. If, at any time, a Party discovers any lands or tangibles (other than the Retained Assets) that, at the time of Closing, were owned by Vendor or one of its Affiliates and located in the White Map Area and is now owned by another Person, Vendor shall or shall cause such Person to transfer its interest therein to Purchaser for no additional consideration, and Purchaser shall accept same.

ARTICLE 7
LIABILITIES AND INDEMNITIES

7.1 **Vendor's Indemnities**

Subject to Sections 7.5, 7.6 and 7.8, Vendor shall:

(a) be liable to Purchaser and its Related Parties for all Losses and Liabilities they suffer, sustain, pay or incur; and

(b) indemnify and save Purchaser and its Related Parties harmless from and against all Claims made against them;

insofar as such Losses, Liabilities and Claims are a direct result of any Vendor Default; provided that Vendor shall not be liable to, or be required to indemnify and save harmless, Purchaser or any of its Related Parties pursuant to this Section 7.1 in respect of any Losses, Liabilities or Claims to the extent they result from a Purchaser Default or are caused by or result from the gross negligence or wilful misconduct of Purchaser or its Related Parties.

7.2 **Purchaser's Indemnities**

Subject to Sections 7.5 and 7.9, Purchaser shall:

(a) be liable to Vendor and its Related Parties for all Losses and Liabilities they suffer, sustain, pay or incur; and

(b) indemnify and save harmless Vendor and its Related Parties from and against all Claims made against them;

insofar as such Losses, Liabilities and Claims are a direct result of any Purchaser Default; provided that Purchaser shall not be liable to, or be required to indemnify and save harmless, Vendor or any of its Related Parties pursuant to this Section 7.2 in respect of any Losses, Liabilities or Claims to the extent they result from a Vendor Default or they are caused by or result from the gross negligence or wilful misconduct of Vendor or its Related Parties.

7.3 **Environmental Liabilities**

Subject to Closing occurring, Purchaser hereby agrees to:

(a) be liable to Vendor and its Related Parties for all Losses and Liabilities they suffer, sustain, pay or incur in respect of; and,

(b) indemnify and save harmless Vendor and its Related Parties from and against all Claims made against them in respect of,

any and all past, present, and future Environmental Liabilities, provided that Purchaser shall not be liable to, or required to indemnify and save harmless Vendor or its Related Parties pursuant to this Section 7.3 in respect of Losses, Liabilities or Claims to the extent that they result from a breach of the representation and warranty set forth in Section 4.1(o) if Purchaser has given notice of such breach to Vendor pursuant to, and within the time set forth in, Section 7.5.

7.4 **Future Obligations**

Subject to Closing occurring and to Section 7.1, Purchaser hereby agrees to:

(a) be liable to Vendor and its Related Parties for all Losses and Liabilities they suffer, sustain, pay or incur in respect of; and

(b) indemnify and save harmless Vendor and its Related Parties from and against all Claims made against them in respect of,

all Losses, Liabilities and Claims relating to the Assets that arise out of any matter or thing occurring or arising after the Effective Time, except to the extent that any such Losses, Liabilities or Claims are caused by the gross negligence or wilful misconduct of Vendor or its Related Parties.

7.5 **Claims**

No Claim under Sections 4.1 or 4.3 in respect of a representation or warranty of Vendor or Purchaser, as the case may be, shall be made or be enforceable by a Party, whether by legal proceedings or otherwise, unless written notice of such Claim, with reasonable particulars, is given by such Party to the Party against whom such Claim is to be made within the Survival Period. Similarly, no Claim in respect of any obligation, agreement or covenant of Vendor or Purchaser, as the case may be, that was to be performed prior to Closing, shall be made or be enforceable by a Party, whether by legal proceedings or otherwise, unless written notice of such Claim, with reasonable particulars is given by such Party to the Party against whom such Claim is to be made within six (6) months of the Closing Date. No Claim shall be made by a Party in respect of a Vendor Default or a Purchaser Default, as the case may be, except pursuant to this Article 7.

7.6 **Limitations on Liabilities**

(a) No Claim shall be made against Vendor by Purchaser or its Related Parties in respect of any individual Vendor Default hereunder, or for indemnification in respect thereof, unless the aggregate amount of the Losses and Liabilities suffered, sustained, paid or incurred by Purchaser and its Related Parties in respect of such individual Vendor Default exceeds fifty thousand ($50,000.00) Dollars (with all Vendor Defaults that do not exceed $50,000.00 being hereinafter referred to as "**De Minimus Vendor Defaults**"). Subject at all times to Section 7.6(b) and Section

7.6(e) below, once the aggregate amount of the Losses and Liabilities in respect of an individual Vendor Default exceeds $50,000.00 the full amount of such Losses and Liabilities shall be recoverable by Purchaser and its Related Parties.

(b) No Claim shall be made against Vendor by Purchaser or its Related Parties in respect of any Vendor Default or Vendor Defaults hereunder, or for indemnification in respect thereof, unless and until the aggregate amount of the Losses and Liabilities suffered, sustained, paid or incurred by Purchaser and its Related Parties in respect of all such Vendor Defaults (excluding De Minimus Vendor Defaults) exceeds two hundred thousand Dollars ($200,000) (the "**Deductible**"). In such event, Vendor's obligation and liability shall be limited to the amount of such Losses and Liabilities that are in excess of the Deductible (and, for clarity, shall in no event include any Losses and Liabilities that are in respect of De Minimus Vendor Defaults).

(c) All Claims must be in writing and include particulars of the Claim and the facts giving rise to it. In no event shall the total liability of Vendor to Purchaser in respect of any Claims arising out of or in connection with this Agreement exceed, in the aggregate, the Purchase Price.

(d) The indemnities herein shall not apply to the extent the Losses are caused by the gross negligence, wilful default or wilful misconduct of the indemnified Party.

(e) Purchaser shall not be entitled to bring any Claim in respect of any act, omission, circumstance or other matter of which it, or its Related Parties, had knowledge at the Closing Date, including, without limitation, any representation or warranty given by Vendor which Purchaser or its Related Parties know to be inaccurate or untrue.

(f) In the absence of fraud, no Claim in respect of Sections 7.1 or 7.2 shall be made or be enforceable whether by legal proceedings or otherwise unless notice describing such Claim in reasonable detail is given by the claimant to the other Party within one (1) year of the Closing Date.

7.7 **Notice of Claims**

If, after the Closing Date, a Claim is asserted in circumstances which do or may give rise to an indemnity under this Article 7, the Party against whom the Claim is asserted shall forthwith give notice of such Claim to the Party required to indemnify and such Parties shall consult and cooperate in respect thereof and in determining whether the Claim and any legal proceedings relating thereto should be resisted, compromised or settled. Each Party shall make available to the other all information in its possession or to which it has access which is or may be relevant to the particular Claim. Purchaser shall provide Vendor with reasonable access to the Lands and Tangibles to which the Claim relates to the extent reasonably necessary in connection with the Claim. No such Claim shall be settled or compromised without the written consent of the indemnifying Party hereunder, which consent shall not be unreasonably withheld. If any such Claim relates exclusively to a period prior to, or on or after the Closing Date, as the case may be, Vendor or Purchaser respectively shall have exclusive conduct of the Claim and all legal proceedings relating thereto.

7.8 **Indemnification Procedure – Third Party Claims**

The following procedures shall be applicable to any Claim by a Party (for purposes of this Section 7.8, the "**Indemnitee**") for indemnification pursuant to this Agreement from the other Party (for purposes of this Section 7.8, the "**Indemnitor**") in respect of a Claim by a Third Party:

(a) upon the Third Party Claim being made against or commenced against the Indemnitee, the Indemnitee shall promptly provide 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 Liabilities and Losses that has been or may be sustained by the Indemnitee in respect thereof. If the Indemnitee does not give timely notice to the Indemnitor as aforesaid, 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 cooperate with the other in the defence of the Third Party Claim, including making available to the other Party, its directors, officers, employees and consultants 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 cooperate 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 other Person, the Indemnitee shall promptly pay the amount of the reimbursement (including interest actually received) to the Indemnitor, net of income taxes required to be paid by the Indemnitee as a result of any such receipt and plus any taxes saved or recovered by the Indemnitee as a result of such payment.

7.9 **Consequential Damages**

In no event shall a Party be liable hereunder for consequential, indirect or punitive damages (including loss of anticipated profits, business interruption or any special or incidental loss of any kind) suffered, sustained, paid or incurred by the other Party or its Related Parties, provided that this Section 7.9 shall not preclude a Party from entitlement to indemnification for such Party's Liability to a Third Party for consequential, indirect or punitive damages which such Third Party suffers, sustains, pays or incurs.

ARTICLE 8
MAINTENANCE AND OPERATION OF THE ASSETS

8.1 **Maintenance of Assets Until Closing**

From the date hereof until the Closing Date, Vendor shall:

(a) maintain the Assets in a proper and prudent manner in accordance with good oil and gas industry practices and in compliance with all Applicable Law;

(b) maintain in full force and effect any insurance it holds in respect of the Assets and shall give all notices and present all Claims under all policies of insurance within a reasonable period of time upon receipt thereof;

(c) pay when due all costs, expenses and other amounts payable with respect to the Assets;

(d) comply, in all material respects, with all of its obligations under the Title and Operating Documents or any other agreements to which the Assets are subject; and

(e) subject to Section 6.2, provide to Purchaser copies of all AFEs and notices relating to the Assets within a reasonable period of time upon receipt thereof.

8.2 **Consent of Purchaser**

From the date hereof until the Closing Date, Vendor shall not, without the written consent of Purchaser (which consent shall not be unreasonably withheld and which, if provided, shall be provided in a timely manner):

(a) grant a Security Interest with respect to any of the Assets;

(b) amend or terminate any Title and Operating Document or any agreement to which the Assets are subject;

(c) enter into any new agreement respecting the Assets;

(d) surrender or abandon any of the Assets;

(e) resign or take any action which would result in Vendor's or its Affiliate's resignation or replacement as operator of any of the Assets for which Vendor or its Affiliate is the current operator;

(f) propose or initiate the exercise of any right (including bidding rights at Crown sales, rights under area of mutual interest provisions and rights of first refusal) or option relative to, or arising as a result of the ownership of the Assets, or propose or initiate any operations on the Lands which have not been commenced or committed to by Vendor or its Affiliate as of the date of this Agreement;

(g) transfer, lease, license, sell or otherwise dispose of any of the Assets except:

(i) for sales of Petroleum Substances reasonably made by Vendor or any of its Affiliates in the ordinary course of business; or

(ii) to the extent required in order to comply with any Rights of First Refusal applicable to the Assets; and

(h) voluntarily assume any new obligation or commitment respecting the Assets if Vendor's or its Affiliate's share of the associated single capital expenditure is estimated to exceed $25,000, except to the extent that Vendor reasonably determines that those expenditures or actions are necessary for the protection of life and property, provided that Vendor will promptly notify Purchaser of any such expenditure or actions.

8.3 **Post-Closing Transition**

Following Closing and to the extent that Purchaser must be recognized by Third Parties under the Title and Operating Documents or otherwise recognized as the owner of any of the Assets, the following will apply to those Assets until that recognition has been effected:

(a) the provisions of Section 8.1 and Section 8.2 will continue to apply, *mutatis mutandis*;

(b) Vendor shall hold title to the Assets, or any portion thereof, in trust for Purchaser, represent Purchaser and receive and hold all proceeds, benefits and advantages accruing in respect of the Assets for the benefit, use and ownership of Purchaser;

(c) Vendor will forthwith provide to Purchaser all AFEs, notices, mail ballots, specific information, communications, invoices, cash calls, billings, and other documents Vendor receives respecting the Assets, and will respond to such AFEs, notices, mail ballots, information and other documents pursuant to the written instruction of Purchaser, if received on a timely basis, provided that Vendor may refuse to follow instructions that it reasonably believes to be unlawful or in breach of the provisions of a Title and Operating Document by providing notice to that effect to Purchaser in a timely manner;

(d) within ten (10) Business Days following receipt by Vendor, Vendor will deliver to Purchaser, all revenues, proceeds and other benefits received by Vendor respecting the Assets after the Closing Date, together with all relevant statements of operating expenses, less the share of the applicable lessor royalties, operating costs, treating, gathering, processing and product transportation expenses and those other costs and expenses directly relating to the Assets and the production of Petroleum Substances produced therefrom;

(e) Vendor, as agent of Purchaser, will deliver to Third Parties all such agreements, notices and other documents as Purchaser may reasonably request, to effect Purchaser's ownership of the Assets, and all money or other items provided in respect thereof;

(f) Vendor shall, in a timely manner, deliver to Third Parties all such notices and communications as 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 Title and Operating Document.

(g) Vendor shall not initiate any operation with respect to the Assets, except upon the written instruction of Purchaser or if Vendor reasonably determines that an 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 the written instruction of Purchaser and shall promptly notify Purchaser of such intention or actions and Vendor's estimate of the costs and expenses associated therewith;

(h) Vendor shall forthwith deliver to Purchaser all revenues, proceeds and other benefits received by Vendor or its Affiliate with respect to the Assets, which Vendor shall receive and hold in trust for Purchaser, provided that Vendor shall be permitted to deduct from such revenues, proceeds and other benefits, any costs and expenses it incurs with respect to such revenues;

(i) insofar as Vendor participates in operations or the exercise of rights or options as the agent of Purchaser pursuant to this Article 8, Vendor may require Purchaser to secure the costs to be incurred by Vendor on behalf of Purchaser pursuant to such election in such manner as may be reasonably appropriate in the circumstances;

(j) Purchaser acknowledges that Vendor may not be able to transfer operatorship of some or all of the Assets to Purchaser at or after Closing. Vendor covenants with Purchaser that Vendor shall reasonably cooperate with Purchaser in attempts to obtain the appropriate consents and approvals for the assignment and transfer to Purchaser of operatorship of those of the Assets of which Vendor or its Affiliate is currently the operator; and

8.4 **Vendor as Agent of Purchaser**

(a) Provided Closing occurs and insofar as Vendor maintains the Assets and takes actions on behalf of Purchaser in compliance with the obligations under this Article 8, Vendor will be deemed to have been the agent of Purchaser hereunder. Purchaser hereby ratifies all actions taken, or refrained from being taken, by Vendor under Section 8.3, with the intention that all of those actions will be deemed to be those of Purchaser, except to the extent that Vendor's actions under this Article 8 constitute negligence or wilful misconduct.

(b) Provided Closing occurs, Purchaser will be liable to and, in addition, indemnify Vendor and its Related Parties against all Losses and Liabilities which they suffer, sustain, pay or incur as a result of maintaining the Assets or exercising other rights as Purchaser's agent under this Article 8, to the extent that those Losses and Liabilities are not a result of the negligence or wilful misconduct of Vendor. An act or omission will not be regarded as negligence or wilful misconduct under this Article 8 to the extent that it was done or omitted to be done in accordance with Purchaser's instructions or concurrence.

ARTICLE 9
CONSENTS, APPROVALS AND PREFERENTIAL RIGHTS

9.1 **Purchase Rights**

Schedule "G" is a list of Assets subject to Rights of First Refusal ("**ROFR Assets**"). Within three (3) Business Days of the execution of this Agreement, Purchaser shall, in good faith and on a reasonable basis, provide Vendor with written notice setting out the portions of the Purchase Price Purchaser proposes to allocate to the ROFR Assets ("**ROFR Allocation**"). Within two (2) Business Days after receiving the ROFR Allocations from Purchaser, Vendor shall send notices ("**ROFR Notices**") to all Third Parties (including Vendor and Purchaser, if applicable) holding Rights of First Refusal ("**ROFR Holders**"). Each such notice will include a request for a waiver of any Right of First Refusal or for the granting of the required consent, as the case may be.

9.2 **Allocation of Purchase Price**

Purchaser agrees to indemnify and save Vendor harmless from and against all Claims which may be brought against or suffered by Vendor arising through or attributable to Purchaser's allocation of value to those Assets subject to a ROFR pursuant to this Article 9.

9.3 **Exercise of Rights of First Refusal**

(a) Vendor shall promptly notify Purchaser in writing upon receipt of notice from any ROFR Holder exercising or waiving any ROFRs for which notices were issued.

(b) If a Right of First Refusal is exercised, Vendor shall promptly notify Purchaser of the exercise and:

(i) shall comply with such election and transfer the applicable ROFR Assets to the ROFR Holder exercising such right;

(ii) the ROFR Assets subject to an exercised Right of First Refusal will not be conveyed to Purchaser and this Agreement and the Schedules shall be deemed to be amended accordingly;

(iii) all definitions shall be deemed to be amended accordingly;

(iv) the Purchase Price and allocation set forth in Sections 2.2 and 2.4, respectively, shall be reduced by the applicable ROFR Allocation; and

(v) the Parties shall proceed with Closing for those Assets which are unaffected by such exercised Right of First Refusal.

(c) If at Closing a Right of First Refusal has not been waived and the time to elect has not elapsed (for purposes of this subsection 9.3(c), the "**Unexpired ROFRs**"), Closing shall proceed in respect of the Assets other than those subject to the Unexpired ROFRs, and the conveyance of the Assets subject to the Unexpired ROFRs and payment therefor shall be governed by the Escrow Agreement.

(d) If Purchaser is entitled to receive a ROFR Notice and elects to exercise such notice, that portion of the ROFR Assets which Purchaser is entitled to receive as a result of its exercising the Right of First Refusal shall be conveyed to Purchaser pursuant to this Agreement.

(e) If, within one hundred (100) days from Closing:

(i) Vendor provides to Purchaser written confirmation to Purchaser's reasonable satisfaction, that a ROFR Holder which had previously exercised a Right of First Refusal has subsequently elected to not proceed with, or is otherwise unable to consummate, the acquisition of those of the Assets which were the subject of such exercised Right of First Refusal;

(ii) all rights of ROFR Holders in respect of such Right of First Refusal have otherwise expired or been waived in accordance with its terms; and

(iii) Vendor's subsequent sale and conveyance of such Assets to Purchaser would not give rise to or make operative any further or additional Right of First Refusal, whether triggered by this Agreement or otherwise;

Vendor shall sell and convey such Assets to Purchaser and Purchaser shall purchase and accept such Assets from Vendor, pursuant to an agreement on the same terms as this Agreement, and for an amount equal to the ROFR Allocation.

(f) The Assets affected by the exercise of a ROFR shall be excluded from the definition of Assets herein and from the purchase and sale herein.

ARTICLE 10
ARBITRATION

10.1 Reference To Arbitration

(a) Insofar as the Parties are unable to agree on any matter which expressly may be referred to arbitration hereunder, a Party may serve the other Party written notice that it wishes such matter referred to arbitration.

(b) The Parties shall meet within 7 days of the receipt of a notice issued pursuant to Section 10.1(a) to attempt to agree on a single arbitrator qualified by experience, education and training to determine such matter. If the Parties are unable to agree on the selection of the arbitrator, the Party which issued such notice shall make an application to a judge of the Court of Queen's Bench of the Province of Alberta pursuant to the *Arbitration Act* (Alberta), for the appointment of a single arbitrator, and failing such action on the part of the Party which issued such notice, the other Party may make such application.

10.2 **Proceedings**

(a) The arbitrator selected pursuant to Section 10.1 shall be directed to proceed as soon as is practicable to hear and determine the matter in dispute, and shall be directed to provide a written decision respecting such matter within 45 days of appointment. The Parties shall provide such assistance and information as may be reasonably necessary to enable the arbitrator to determine such matter.

(b) Except to the extent modified in this Article 10, the arbitrator shall conduct any arbitration hereunder pursuant to the provisions of the *Arbitration Act* (Alberta).

(c) The decision of the arbitrator shall be made in writing, shall be final and binding on the Parties and shall not be subject to review or appeal.

10.3 **Compensation**

Each Party shall be responsible for 50% of the arbitrator's fees and reimbursable costs and expenses.

ARTICLE 11
PRE-CLOSING MATTERS

11.1 **Production of Documents**

(a) At all reasonable times from the date hereof until the Closing Date, Vendor shall make available to Purchaser and Purchaser's Representatives, subject to contractual restrictions of Third Parties relative to disclosure, in Vendor's offices in Calgary, such financial, operating and other information as Purchaser may reasonably request pertaining to the Assets and which are in Vendor's or any of its Affiliate's possession or control, including:

(i) the records, files, reports, title opinions, title reports, data and documents comprising part of or otherwise relating to the Assets, including operating, technical and financial data and information; and

(ii) copies of the Title and Operating Documents, and any other agreement and document to which the Assets are subject.

(b) Prior to Closing, Purchaser and its Representatives shall keep confidential all information disclosed to them by Vendor in accordance with the Confidentiality Agreement.

ARTICLE 12
TRANSFERRING PERSONNEL

12.1 **Transferring Personnel**

In respect of the Transferring Personnel, the Parties agree as follows:

(a) Purchaser acknowledges receipt of a list of all of the Transferring Employees and Transferring Contractors (collectively, the "**Transferring Personnel**" and individually a "**Transferring Person**"), which are set out in Schedule "S" hereto, together with, as the case may be, the terms and conditions of employment of the Transferring Employees or the terms and conditions of contract of the Transferring Contractors (collectively, the "**Personal Information**"). Purchaser agrees that the Personal Information shall be kept and maintained as confidential information and shall not be divulged to any Third Party without the written consent of the Transferring Person, unless such disclosure is required by the Regulations.

(b) Prior to Closing, Purchaser or its Affiliate shall meet with and interview all of the Transferring Personnel at a time and location agreed to by the Parties, acting reasonably.

(c) Purchaser or its Affiliate shall provide:

(i) a written offer of employment to each Transferring Employee; and

(ii) a written offer for contract services to each Transferring Contractor,

(each such offer shall be referred to as an "**Offer**"). Each Offer shall be conditional on Closing having occurred, shall provide that the employment or contractor relationship with Purchaser or its Affiliate will commence on the Closing Date and, upon such commencement, such Transferring Person shall resign from Vendor, shall contain a release of Vendor from and against any and all Claims that each such Transferring Person may have against Vendor in connection with his termination of employment or contract services with Vendor and in respect of any Offers to Transferring Employees. For a Transferring Person that commences employment or a contractor relationship with Purchaser, Vendor shall not terminate the employment of, or contractor relationship with, such Transferring Person but shall instead accept such Transferring Person's aforesaid resignation. Purchaser covenants and agrees that any such Offer shall be on terms and conditions substantively the same, in the aggregate, as the terms and conditions of each such Transferring Employee's employment with Vendor, or Transferring Contractor's contractor relationship with Vendor, including, in the case of a Transferring Employee, recognition of past service with Vendor and any previous employer in connection with the Assets for the purpose of calculating and any waiting periods or benefits under Purchaser's or its Affiliates' savings plan, vacation policy or short term disability benefit plans. Each Offer shall provide three (3) Business Days for acceptance by the applicable Transferring Employee or Transferring Contractor.

(d) Prior to delivering the Offers to the Transferring Personnel, Purchaser shall provide copies of the Offers to Vendor for its review. Vendor shall review such Offers and promptly provide to Purchaser any comments on such Offers. The Parties shall negotiate in good faith to finalize the terms of the Offers. Subject to finalizing the terms of the Offers, prior to the Closing Date, Purchaser shall provide the Offers to the Transferring Personnel.

12.2 **Post-Closing Employment Indemnities of Purchaser**

Specifically excluding the obligations and Liabilities in respect of a Transferring Person that does not accept an Offer, Purchaser and its Affiliates shall, after Closing has occurred:

(a) assume, bear and discharge all obligations and Liabilities in respect of or arising out of the employment of the Transferring Personnel that accrue after the Closing Time; and

(b) indemnify and save harmless each of Vendor and Vendor's Related Parties from any Losses, Liabilities and Claims suffered, sustained, paid or incurred by any one or more of them:

(i) in respect of the obligations and Liabilities referred to in Section 12.2(a);

(ii) with respect to Purchaser's collection, use or disclosure of the Personal Information provided to Purchaser by Vendor; and

(iii) with respect to employee evaluation, selection and offer actions taken after the date of this Agreement by Purchaser in connection with the Transaction.

Notwithstanding the above, Vendor shall assume, bear and discharge all obligations and Liabilities in respect of a Transferring Person that does not accept an Offer.

ARTICLE 13
POST-CLOSING COVENANTS OF PURCHASER

13.1 Signs and Notifications

After Closing, Purchaser shall forthwith remove any signs that indicate Vendor's ownership or operation of the Assets. It shall be the responsibility of Purchaser, where necessary, and as soon as reasonably practicable, to erect or install any signs that may be required by Governmental Authorities indicating Purchaser to be the operator of the Assets, and to notify any relevant Third Parties of Purchaser's acquisition of the Assets.

ARTICLE 14
INFORMATION, TAX RETURNS AND ASSESSMENTS AND CONTINUING REPORTS

14.1 Access to Information

After Closing and for seven (7) years thereafter, Vendor and its Affiliates, may upon reasonable notice to Purchaser and subject to contractual restrictions relating to disclosure, have access during normal business hours to the Title and Operating Documents and any engineering reports and the financial statements, books, accounts, records, record books, assessments, filings, maps, documents, files, information and materials relating to the Assets which are in possession of Purchaser for the purpose of obtaining and copying information in respect of matters arising out of or relating to any period of time up to the Closing Date for use by Vendor or its Affiliates:

(a) in connection with audits;

(b) in connection with Vendors' dealings with tax and other regulatory authorities;

(c) to comply with Applicable Law; and

in connection with any action, suit or proceeding commenced or threatened by any Person against Vendor or any of its Affiliates, or its or their respective directors, officers, employees, agents, solicitors, engineers, accountants and consultants for which Vendor or its Affiliates may have any liability.

ARTICLE 15
GENERAL

15.1 Costs and Expenses

Except as specifically provided herein, all legal and other costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party that incurred the same.

15.2 Further Assurances

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

15.3 No Merger

There shall not be any merger of any of the covenants, representations, warranties and indemnities contained in this Agreement in any of the Specific Conveyances or any other document or instruments delivered pursuant hereto, at or after Closing, notwithstanding any rule of law, equity or statute to the contrary and such rules are hereby waived. Each Party will have full right of substitution and subrogation in and to all covenants and warranties by Third Parties previously given or made in respect of the Assets or any part thereof to the extent the provisions of the contracts or other arrangements with the Third Parties so permit.

15.4 **Entire Agreement**

The provisions contained in any and all documents and agreements collateral hereto (including Specific Conveyances) 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, documents, writings and verbal understandings among the Parties relating to the subject matter hereof, other than the Confidentiality Agreement, and other than the Confidentiality Agreement, expresses the entire agreement of the Parties with respect to the subject matter hereof. In the event of a conflict between the terms of this Agreement and the terms of the Confidentiality Agreement, the terms of the Confidentiality Agreement shall govern to the extent of the conflict.

15.5 **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 federal laws of Canada applicable therein and shall, in all respects, be treated as a contract made in the Province of Alberta. Except as provided in Section 3.3, the Parties irrevocably attorn and submit to the exclusive jurisdiction of the courts of the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of or in connection with this Agreement.

15.6 **Interest Accrues on Amounts Owing**

Other than as specifically contemplated in this Agreement, any amount owing to a Party by the other Party hereunder after Closing and remaining unpaid will bear interest, compounded and computed monthly at the rate of two percent (2%) per annum above the Prime Rate, from the day that the amount was due to be paid until the day it is paid, regardless of whether the Party has given the other Party prior notice of the accrual of interest hereunder.

15.7 **Assignment**

Prior to Closing, 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 successors and permitted assigns. No Person other than the Parties and their successors and permitted assigns shall be entitled to any rights or benefits hereunder. No assignment, transfer or other disposition of this Agreement or all or any portion of the Assets by Purchaser after Closing shall relieve Purchaser from its obligations to Vendor herein. Vendor shall have the option to claim payment or performance of such obligations from Purchaser, the assignee, the transferee or all of them, and to bring proceedings in the event of default against either or all of them, provided that nothing herein shall entitle Vendor to receive duplicate payment or performance of the same obligation.

15.8 **Time of Essence**

Time shall be of the essence in this Agreement.

15.9 **Notices**

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

Vendor:	Predator Oil BC Ltd. 1600, 250 2nd Street SW Calgary, AB T2P 0C1	
	Attention:	Greg MacDonald, President & COO
	Fax:	577-393-0862
Purchaser:	Ranch Resources Corporation 1200, 815 – 8th Avenue, SW Calgary, AB T2P 3P2	
	Attention:	Ryan Tobber
	Fax:	780-402-2448

Any notice, communication and statement required, permitted or contemplated hereunder shall be in writing and sent by personal service or facsimile and shall be deemed received when delivery or reception of the transmission is complete except that, if such delivery or transmission is sent on a Saturday, Sunday or day when the receiving Party's office is not open for the regular conduct of business, or on or after 4:00 p.m., such notice or communication shall be deemed to be received on the next Business Day that such office is open for the regular conduct of business. A Party may from time to time change its address for service or its fax number or both by giving written notice of such change to the other Party at its above address.

15.10 **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.

15.11 **Waiver**

Except as otherwise provided in this Agreement, 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. Except as otherwise provided in this Agreement, no waiver of any provision of this Agreement, including, this Section 15.11, shall be effective otherwise than by an instrument in writing dated subsequent to the date hereof, executed by a duly authorized representative of the Party making such waiver.

15.12 **Amendment**

Except as provided in Section 15.9, this Agreement shall not be varied in its terms or amended by oral agreement or otherwise other than by an instrument in writing dated subsequent to the date hereof, executed by a duly authorized representative of each Party.

15.13 **Public Announcements**

Neither Purchaser nor Vendor will make any press release or other public announcement respecting this Agreement and the purchase and sale of the Assets without the consent of the other Party except to the extent the other Party unreasonably withholds or delays consent and the Party desiring to make the press release or other public announcement is advised by its counsel that the release or announcement is required to comply with any Applicable Law or the rules of any listing authority or stock exchange with which the disclosing Party is bound to comply. A

Party which proposes to make such a public disclosure shall, to the extent reasonably possible, provide the other Parties with a draft of such statement in sufficient time prior to its release to enable the other Parties to review such draft and advise of any comments they may have with respect thereto, it being understood that, upon signing this Agreement, each Party to this Agreement will be permitted to immediately issue a press release announcing the transaction in the form of press release which has been previously approved by the other Parties to this Agreement. The Party proposing to make the public disclosures will not unreasonably refuse to incorporate the requested changes in the public announcement that are necessary to protect the legitimate interests of the requesting Party except to the extent its counsel advises that doing so will result in non-compliance with Applicable Law or the rules of the applicable listing authority or stock exchange.

15.14 **Counterpart Execution**

This Agreement may be executed by facsimile, pdf and other electronic means and in counterpart, no one copy of which need be executed by both Vendor and Purchaser. A valid and binding contract shall arise if and when counterpart execution pages (including as may be delivered by facsimile, pdf and other electronic means) are executed and delivered by both Vendor and Purchaser.

(Signature page follows)

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

RANCH ENERGY CORPORATION	**PREDATOR OIL BC LTD.**
Per:	Per:
Name: Ryan Tobber	Name: Greg Macdonald
Title: President & CEO	Title: President & COO

SCHEDULE “A”

THIS IS EXHIBIT "D" REFERRED TO IN

THE AFFIDAVIT OF RYAN TOBBER

SWORN BEFORE ME

THIS 3RD DAY OF JULY, 2018

A Commissioner of Oaths
in and for the Province of Alberta

Anthony Mersich
Barrister and Solicitor

The following indicative terms are intended for discussion purposes only and do not contain all the terms, conditions, representations, warranties, and other provisions with respect to the financings referred to herein. Nothing herein constitutes an offer, agreement, or commitment by TEC to enter into any transaction. Any such commitment is subject to our internal credit review and approval process, the execution and delivery of definitive documentation, and completion of our due diligence. These indicative terms are confidential and may not be disclosed to any person or entity other than Borrower's officers, directors, employees, and professional advisors.

INDICATIVE TERMS – AMENDMENT TO SENIOR SECURED CREDIT AGREEMENT TO INCLUDE SENIOR SECURED 1st LIEN RESERVE-BASED LOAN
All "$" figures in Canadian Dollars

Borrower:	OpsMobil Inc. (the "**Borrower**").
Guarantors:	All existing guarantors under the Credit Agreement dated December 23, 2015 (as amended, the "**Credit Agreement**"), all future direct and indirect subsidiaries of the Borrower, and Ranch Energy Corporation ("**Ranch**"), a newly-formed special purpose company incorporated by Ryan Tobber ("**Tobber**").
Arranger and Agent:	Third Eye Capital Corporation as Administrative Agent under the Credit Agreement ("**TEC**" or the "**Agent**").
Lender:	Third Eye Capital Alternative Credit Trust ("**Lender**")
Loan:	Amendment to the Credit Agreement to include a new $26 Million Senior Secured Revolving Reserve-Based Loan (the "**RBL**"), subject to the Borrowing Base (as defined below).
Use of Proceeds:	Draws on the RBL shall: (i) be advanced by the Borrower solely to Ranch and to no other Guarantor, and used by Ranch solely to fund the purchase price in connection with the purchase by Ranch of the Assets (as defined in that certain Asset Purchase and Sale Agreement ("**APA**") to be made between Predator Oil BC Ltd. ("**Predator**") and Ranch) (the "**Transaction**"), and (ii) be used for general corporate purposes of the Borrower in the ordinary course and as approved by the Agent, and including the payment of Fees and Expenses (each as defined below).
Maturity:	The Maturity Date under the Credit Agreement, at which time the full amount of the RBL, including all principal, advances, interest, fees, charges and other indebtedness or obligations of any kind thereunder ("**Loan Indebtedness**") shall be repaid in full.
Interest Rate:	Annual rate equal to 12%, payable monthly in arrears.
Fees:	<u>Closing Fee:</u> $1 Million paid at Closing from proceeds of the initial advance under the RBL. <u>Unused Line Fee:</u> 2% per annum, payable monthly in arrears, on the difference in each month between the average principal outstanding in such month and $26 Million, being the maximum available under the RBL (the "**RBL Limit**").
Availability:	Advances may be made under the RBL from time to time subject to satisfaction of customary conditions in favour of the Agent and Lenders in the Definitive Agreements (as defined below). Amounts repaid under the RBL may be re-borrowed.

Notwithstanding anything to the contrary contained herein, the aggregate amount of Loan Indebtedness under the RBL shall not at any time exceed the lesser of (a) the RBL Limit; and (b) 65% of the Measured Assets Value, less any applicable Reserves (the "**Borrowing Base**").

"**Measured Assets Value**" means, at any time, the sum of the following (without duplication): (i) the present value of Ranch's proven, developed and producing ("**PDP**") reserves at such time, discounted at 10% per annum (such discounted present value, the "**PDP-10**"), plus (ii) the present value (positive or negative) of Ranch's mark-to-market commodity hedge positions at such time to the extent permitted under the RBL, discounted at 10% per annum, minus (iii) the present value of the future expected abandonment & reclamation ("**A&R**") obligations or liabilities of Ranch, discounted at 10%.

The PDP-10 valuation will be determined from the most recent Reserve Report (defined below) delivered to the Agent in accordance with the Definitive Agreements (or, if no such Reserve Report has been delivered when due, the PDP-10 valuation will be determined by the Agent in its sole discretion). The price deck for the PDP-10 valuation and the mark-to-market hedge valuation shall be determined at the sole discretion of the Agent.

"**Reserves**" means, without duplication, any reserves of Ranch which the Agent, acting in its sole discretion, deems prudent to account for any contingent or actual liabilities of Ranch that have not yet crystallized, including, but not limited to, (i) a reserve for potential collateral posted to the British Columbia Oil and Gas Commission ("**BCOGC**") on licence transfers from Predator pursuant to or following the Transaction, (ii) any scheduled or expected A&R liabilities to be spent within the applicable twelve months following the date on which the Borrowing Base is being calculated, and (iii) adjustments to account for depletion of PDP.

Reserve Report: The Borrower must deliver to the Agent, twice per year, a reserve report ("**Reserve Report**") in form and substance satisfactory to the Agent of Ranch's oil and gas properties prepared by an independent third party reserve engineer approved by the Agent. In addition, upon the Agent's request, the Borrower shall deliver to the Agent additional Reserve Reports at any time so requested if an event of default has occurred and is continuing under any of the Definitive Agreements.

Mandatory Prepayments:

1. As indicated in the Credit Agreement, 100% of the net proceeds of any asset dispositions, royalties, debt or equity issuances, grants, and tax refunds by or of the Borrower or any Guarantor.
2. In full upon the occurrence of an event of default.
3. In the amount of any deficiency or shortfall in the Borrowing Base.

Optional Prepayment: The Borrower may prepay the RBL upon 30 days prior written notice with consent from the Agent, such consent not to be unreasonably withheld.

Security: Security in place pursuant to the Credit Agreement shall remain and cover the obligations pursuant to the RBL, and in addition:

1. Perfected first priority security interest in all of the assets of Ranch, now owned or hereafter acquired from time to time, including without limitation the Petroleum and Natural Gas Rights, the Tangibles, the Miscellaneous Interests and all other Assets (as those terms are defined in the APA) free and clear of all liens, claims and encumbrances covering all Obligations under the Credit Agreement, including but not limited to the RBL.

2. Pledge of all stock (with relevant signed stock powers) owned, directly or indirectly, including without limitation, by Tobber, representing in the aggregate 100% of all issued and outstanding stock of Ranch.
3. Collateral assignment of all proceeds from operating agreements, working interests, revenue interests, production sales, processing agreements, transportation or gathering agreements, farmout or farmin agreements, disposal agreements, leaseholds, joint venture interests, tenures, and all other rights, title, and interest in all oil and gas properties.
4. Assignment of proceeds from all deposits, prepaid accounts, account receivables and contractual payments, including without limitation, any reduction in or return of any collateral posted to the BCOGC by Ranch.
5. Irrevocable payment directions from customers that may not be cancelled or revised without TEC's written consent to the payor.
6. Deposit Account Control Agreements covering 100% of the cash accounts of Ranch.
7. Such other security and guarantees as the Agent may determine, in its sole discretion, from the Borrower, Ranch or any other Guarantor.

Conditions:

1. Completion of all applicable due diligence.
2. Satisfactory third-party review of Reserves, Tangibles, development plans, and A&R liabilities.
3. Fully-executed copy of the APA and fulfilment of all conditions thereunder without waiver other than with consent of TEC.
4. Subordination and postponement of all related party debt of Ranch, including, without limitation, any accrued and unpaid salaries and expenses.
5. Satisfactory commodity hedging program and interim marketing agreements.
6. Satisfactory budget, financial projections and minimum cash or debt availability at Closing.
7. Satisfactory Definitive Agreements for the RBL.

Financial Covenants:

With respect to Ranch, as determined by the Agent at Closing, including without limitation: (i) minimum Borrowing Base, (ii) minimum free cashflow coverage ratio, (iii) minimum current ratio, and (iv) maximum unfunded capex.

Other Covenants:

As per the Credit Agreement, usual and customary positive and negative covenants, including without limitation: (i) Ranch immediately engaging reputable brokers to organize an orderly sale of excess plant and equipment according to a divestment plan to be agreed with TEC, and (ii) working in good faith during the term of the RBL with the BCOGC to reduce and mitigate any A&R liability, obligations or collateral with respect to the Assets, per that certain License Trust Agreement to be entered into between Ranch and Predator.

Reporting:

As per the Credit Agreement, usual and customary, including without limitation:

1. Annual budget and financial projections (set out on monthly basis).
2. Annual audited financial statements.
3. Quarterly internally-prepared financial statements with management commentary on operations and reconciliation to financial projections.
4. Monthly compliance report and reconciliation to financial projections.
5. Monthly reports setting out: (i) volume of production and sales attributable to production (and prices at which such sales were made), (ii) lists of customers accounting for at least 25% of sales, and (iii) all related royalties, capital expenditures, and operating expenses attributable thereto.
6. Reserve Reports, on dates indicated above.
7. Notices of all material events to be determined.

Events of Default:	As per the Credit Agreement, usual and customary for revolving loans of this size, type, and purpose acceptable to TEC in its sole discretion, including without limitation: (i) non-payment, (ii) cross default to other financing agreements of the Borrower under the Credit Agreement and any other loans arranged by TEC or its affiliates for the Borrower and the Guarantors and other companies controlled directly or indirectly by Tobber, (iii) breach or misrepresentation, (iv) insolvency, arrangement or bankruptcy, or (v) material adverse change.
Access Rights:	Ranch shall provide TEC with full and unrestricted access to all of Ranch's property, books and records, personnel, consultants, lenders, shareholders, and existing and prospective counterparties (including, without limitation, Predator).
Right of First Refusal:	In the event that Ranch plans to arrange a debt financing while the RBL is outstanding (other than in connection with the repayment of the RBL), TEC shall have a right of first refusal to provide the requested financing.
Expenses:	The Borrower shall be liable for and shall pay at Closing, in addition to the Fees above, any out-of-pocket expenses of the Agent or Lenders from proceeds of the RBL.
Documentation:	Definitive loan and security documentation, including an amendment to the Credit Agreement ("**Definitive Agreements**") shall be in form and substance acceptable to the Agent in its sole discretion.
Closing:	The closing date of the Transaction (the "**Closing**"), expected to be May 12, 2017.
Governing Law:	As per the Credit Agreement.

THIS IS EXHIBIT "E" REFERRED TO IN

THE AFFIDAVIT OF RYAN TOBBER

SWORN BEFORE ME

THIS 3RD DAY OF JULY, 2018

A Commissioner of Oaths
in and for the Province of Alberta

Anthony Mersich
Barrister and Solicitor

Mersich, Anthony

From: Ryan Tobber <ryan.tobber@opsmobil.com>
Sent: Monday, July 02, 2018 10:57 PM
To: Mersich, Anthony; Cumming, Tom
Subject: Fwd: Deposit
Attachments: image003.jpg

I just added this event in on the next draft coming back.

Ryan Tobber
President & CEO | OpsMobil Group Inc
1200, 815-8th Ave SW Calgary, Alberta T2P 3P2
Phone: (403) 930-1702
Cell: (403) 797-0375
Email: ryan.tobber@opsmobil.com
www.opsmobil.com

"Safely provide value-added operational excellence and efficiency for our clients and stakeholders."

---------- Forwarded message ---------
From: **Arif N. Bhalwani** <arif@thirdeyecapital.com>
Date: Thu, May 18, 2017 at 4:03 PM
Subject: RE: Deposit
To: Ryan Tobber <ryan.tobber@opsmobil.com>
Cc: Mark Horrox <Mark@thirdeyecapital.com>

Ryan,

Mark forwarded me your note below. Let me clear the record.

You remain in serious default of your indebtedness to us and we have no obligation to make any advances to you, or permit your use of funds that constitute our collateral. Any advances made by us or cash released from your accounts was done with the complete reservation of our rights and remedies under the credit agreement between us.

More recently, your heedless decision to issue a $200,000 cheque from OpsMobil for payment of a related-party obligation we did not approve is yet another breach of the credit agreement.

Your past due payroll, payment delinquencies to creditors, and lack of funds for capex are consequences of your repeated failures to achieve your financial projections and your over-bloated cost structure, not our lack of support. In fact, we have continued to support you from our very first interaction: rescuing you from imminent receivership by BMO; advancing you additional funds for new projects, indulging new ventures and significant changes in your plans and existing business; and actively trying to help you build value for all stakeholders.

At this stage, we still do not have enough information to support a financing for your acquisition of oil and gas assets from Predator. The combination of opex, surcharges like the pipeline tariff, and large ARO liabilities make the target assets uneconomic. There is no borrowing base availability under the current scenario. We are working to assist you with this transaction but until our due diligence is complete and deemed fully satisfactory in our discretion, there will no financing from us for Predator.

Accordingly, we request that you promptly refund the $200,000 that you improperly withdrew, no later than 4pm E.S.T. tomorrow.

Yours very truly,

Arif

Arif N. Bhalwani, CFA | Managing Director
3930 – 161 Bay Street | Toronto, ON | M5J 2S1
T: 416-601-9824 | M: 416-454-3393 | F: 416-981-3393

arif@thirdeyecapital.com | www.thirdeyecapital.com

From: Ryan Tobber [mailto:ryan.tobber@opsmobil.com]
Sent: May-18-17 11:21 AM
To: Mark Horrox <Mark@thirdeyecapital.com>
Subject: Deposit

Mark,

I wanted to confirm that OpsMobil will be receiving additional deposits of $125,300 today and these amounts, in addition to the deposits of yesterday, provide enough funds after TEC sweeps to cover the deposit check. We still have not received the net funds due back yesterday.

With respect to your request that I cover the Ranch deposit to Predator, I can confirm that I will be depositing $200,000 to cover this amount. Once I have the wire transfer confirmation I will forward it to you.

Sourcing the $200,000.00 deposit to prevent a default under the PSA for a deal that provides a contract that would nearly double the size of OpsMobil was a challenge due to the following:

Employees & Contractors

The employee payroll is past due in the amount of ~$330K. The contractors are past due in the amount of $230k. This means the staff of OpsMobil are committed to the tune of $560K to get this deal done.

Rilpa/Classic

We have only been able to pay Rilpa/Classic $50k for the entire year of 2017. Since we have not received any CAPEX funding they have been provided us aircraft and parts to services the existing contracts. They are committed well over $1mm to get this deal done.

Personally

Setting aside the $1.15mm cash I have put into the company since TECs involvement, I have also pledged all assets including my home. Raising an additional deposit by leveraging my assets would reduce TEC current collateral.

Other Sources

The other sources of capital I have founded would be committed on the condition that we finance the Ranch deal standalone to Ops/TEC. This of course would be problematic to our current efforts to restructure OpsMobil.

Needless to say the current stakeholders of OpsMobil are very invested in the future of our company. I trust with the commitment on our side we can work together to close this transaction to the benefit to all involved.

Regards,

Ryan Tobber
President & CEO | OpsMobil Group Inc
1200, 815-8th Ave SW Calgary, Alberta T2P 3P2
Phone: (403) 930-1702
Cell: (403) 797-0375
Email: ryan.tobber@opsmobil.com
www.opsmobil.com

OpsMobil

"Safely provide value-added operational excellence and efficiency for our clients and stakeholders."

THIS IS EXHIBIT "F" REFERRED TO IN

THE AFFIDAVIT OF RYAN TOBBER

SWORN BEFORE ME

THIS 3RD DAY OF JULY, 2018

A Commissioner of Oaths
in and for the Province of Alberta

Anthony Mersich
Barrister and Solicitor

TRUST AGREEMENT

THIS AGREEMENT made effective as of the 16th day of June, 2017.

BETWEEN:

PREDATOR OIL BC LTD., a body corporate registered to carry on business in the Province of British Columbia and having an office in the City of Calgary, in the Province of Alberta ("**Trustee**")

– and –

RANCH ENERGY CORPORATION, a body corporate registered to carry on business in the Province of British Columbia and having an office in the City of Calgary, in the Province of Alberta ("**Beneficiary**")

– and –

OPSMOBIL GROUP INC., a body corporate having an office in the City of Calgary, in the Province of Alberta ("**OGI**")

WHEREAS:

(A) Trustee and Beneficiary entered into a purchase and sale agreement (the "**Sale Agreement**") as of the 8th day of May, 2017, which pertains to, *inter alia*, the purchase by Beneficiary of interests in the Assets from Trustee;

(B) A portion of the Assets is composed of various Permits, as such term is defined in the Sale Agreement, which Permits will require transfer from Trustee to Beneficiary through the British Columbia Oil and Gas Commission (the "**BCOGC**");

(C) As of the date hereof, the Permits are currently held by Penn West Petroleum Ltd. or its Affiliate ("**Penn West**") and Permit transfer applications have been submitted by Trustee to BCOGC for approval but have not yet been received;

(D) Upon completion of the transfer of the Permits from Penn West to Trustee, Trustee and Beneficiary wish for Trustee to hold the Permits in trust for Beneficiary until such time as Beneficiary can accept the License Transfers as provided for herein;

(E) Trustee and Beneficiary wish to set out the terms upon which Beneficiary will receive the Permits from Trustee, and the terms upon which Trustee will hold the Permits together with all rights and privileges associated therewith (the "**Beneficial Interest**") in trust for the benefit of Beneficiary until such time as Beneficiary requests that the Permits be transferred to it; and

(F) In order to effect the License Transfers, Trustee, Beneficiary and OGI agree that OGI may be required to make a security deposit with the BCOGC ("**Security Deposit**") or make payments to Trustee, as contemplated herein;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, defined terms shall have the meaning ascribed to them in the Sale Agreement except as set forth below or in the recitals:

(a) "**BCOGC License Transfer Compliant**" means that each of Trustee's and Beneficiary's LMR will allow for the transfer by Trustee to Beneficiary of all or any of the Permits, in accordance with Applicable Law, including any bulletins;

(b) "**LMR**" means the liability management rating, as determined by the BCOGC, and is the ratio of a permit holder's deemed assets to deemed liabilities, calculated for all wells and facilities registered to a permit holder;

(c) "**Outside Date**" means May 31, 2019 or, if otherwise agreed by the parties hereto, such later date as mutually agreed upon by the parties in writing, provided that Trustee shall be under no obligation to agree and any agreement shall be at Trustee's sole discretion;

(d) "**Permit Transfer Requirement**" has the meaning ascribed thereto in Section 3.1(b); and

(e) "**Trust Period**" means the period from the date of this Agreement until the transfer of all of the Permits to Beneficiary as contemplated hereunder.

1.2 Interpretation

For the purposes of this Agreement:

(a) all references herein to currency are to Canadian currency;

(b) "Article", "Section" and other references to subdivisions are, unless otherwise specified, to the designated articles, sections and other subdivisions of this Agreement;

(c) headings of the articles and sections hereof are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement;

(d) any reference to a government authority includes any government authority succeeding to its functions;

(e) any reference to a statute shall be deemed to include a reference to such statute and to the regulations made pursuant thereto, with all amendments made thereto and in force from time to time, and to any statute or regulation that may be passed which has the effect of supplementing or superseding the statute so referred to or the regulations made pursuant thereto;

(f) any reference to the singular includes the plural and vice versa and any reference to gender includes the masculine, feminine and neuter genders; and upon any substitution in accordance with the foregoing the incidental grammatical and terminological charges shall be construed also to have been made;

(g) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not, unless otherwise specified, to any particular Article, Section or other subdivision. "Including" means "including without limitation"; and

(h) where the character and amount of any asset or liability or item of income or expense is required to be determined, or any consolidation or other accounting computation is required to be made, the same shall be done in accordance with generally accepted accounting principles except where the application of such principles is inconsistent with, or limited by the terms of this Agreement.

ARTICLE 2
PERMITS IN TRUST

2.1 Trustee Holds Beneficial Interest

(a) Upon completion of the transfer of the Permits from Penn West to Trustee, Trustee acknowledges and declares that it will hold and stand possessed of the Beneficial Interest in trust for and on behalf of Beneficiary for the sole use, enjoyment and benefit of Beneficiary, and further acknowledges that all benefit and advantage accruing to the Beneficial Interest shall be held by Trustee in trust for Beneficiary.

(b) Trustee agrees that it will not sell, assign, transfer, convey, encumber, or surrender the Beneficial Interest except upon the written instructions of Beneficiary.

(c) Trustee does not purport to, either expressly or by implication, warrant or guarantee title in and to the Beneficial Interest.

(d) Beneficiary consents to the appointment of Trustee as bare trustee of the legal interest in the Permits, and shall perform, observe and comply with the covenants, terms and conditions contained in the Beneficial Interest. Trustee shall perform, observe and comply with the covenants, terms and conditions contained in the Beneficial Interest as directed by Beneficiary.

2.2 **Copies and Access**

(a) Trustee shall provide Beneficiary in a timely manner with copies of all notices, orders, directives, documents and other correspondence received by Trustee that pertain to the Beneficial Interest, and shall respond promptly to such notices, orders, directives, documents and other correspondence pursuant to written instructions from Beneficiary, provided such instructions are received in a timely fashion.

(b) Trustee shall provide Beneficiary with access, during normal business hours, to all information, data, notices and records in Trustee's custody or control, or to which Trustee has access, respecting the Beneficial Interest. Beneficiary may inspect the books of Trustee concerning the Beneficial Interest at all reasonable times and may have the same audited once in each calendar year, at its own cost.

ARTICLE 3
LICENSE TRANSFERS

3.1 **License Transfer Requirement**

(a) During the Trust Period, and as soon as possible following the most recent monthly publication by the BCOGC of the LMR associated with the Permits, each of Trustee and Beneficiary shall, within three (3) Business Days, notify the other in writing whether it is BCOGC License Transfer Compliant.

(b) Upon Beneficiary notifying Trustee that Beneficiary is BCOGC License Transfer Compliant and able to make any required Security Deposit with the BCOGC, Trustee shall transfer and convey to Beneficiary, all the Permits if such transfer does not constitute a default under Applicable Law (the "**Permit Transfer Requirement**").

(c) Upon Trustee transferring and conveying the Permits pursuant to subsection 3.1(b), Beneficiary shall, forthwith and on a best efforts basis, at Beneficiary's own cost, do such further acts and execute and deliver all such further assurances, deeds transfers, conveyances and documents as shall be necessary or desirable to give effect to the transfer and conveyance of the Permits including making such deposits, providing such undertakings, information or other documentation or taking any action as a condition of or a prerequisite under Applicable Law for the approval of the transfer of any Permits.

(d) Beneficiary shall have the right, at any time and from time to time prior to the termination of this Agreement, exercisable by Beneficiary notifying Trustee in writing to accept from Trustee all or some of the Permits, (the "**Permit Option**"). In the event Beneficiary exercises the Permit Option, Trustee and Beneficiary shall, forthwith and on a best efforts basis, at Beneficiary's own cost, do such further acts and execute and deliver all such further assurances, conveyances and documents as shall be necessary or desirable to give effect to the transfer and conveyance of the applicable Permits including, taking all steps as may be required, including making such deposits, providing such undertakings, information or other documentation or taking any action as a condition of or a prerequisite under Applicable Law or otherwise under this Agreement for the approval of the License Transfers, provided that, in the event that Beneficiary has elected to acquire less than all of the then-outstanding Permits making up the Beneficial Interest, then the Permits to be transferred shall be at the sole discretion of Trustee acting in a commercially reasonably manner.

3.2 **License Transfer Process**

(a) Within five (5) Business Days following receipt of Beneficiary's notice under Sections 3.1(b) or (d) or in accordance with Section 3.3, Trustee shall prepare and where applicable, electronically submit an application to the Governmental Authorities for the License Transfers and Beneficiary shall, where applicable, electronically ratify and sign such application.

(b) Should any Governmental Authority deny the License Transfers because of misdescription or other minor deficiencies in the application, Trustee shall within five (5) Business Days correct and re-submit the application for the License Transfers and Beneficiary shall electronically ratify and sign such application.

(c) If, for any reason, a Governmental Authority requires a Party to make a deposit or furnish any other form of security in order to approve the License Transfers, such Party shall immediately either: (i) make such deposit; or (ii) furnish such other form of security as the Governmental Authority requires.

(d) If a Party (for purposes of this subsection 3.2(d), the "**Defaulting Party**") fails to make a deposit or furnish security it is required to make or furnish under Section 3.2(c) within ten (10) days of the Defaulting Party's receipt of notification from the Governmental Authority that such deposit or security is required, the other Party (for purposes of this subsection 3.2(d), the "**Non-Defaulting Party**") shall have the right to make such deposit or furnish such security. In such event, the Defaulting Party shall (as applicable) reimburse the amount of such deposit or the costs of such security to the Non-Defaulting Party plus interest thereon at the Prime Rate plus four percent (4%) from the date such deposit or security is made or furnished by the Non-Defaulting Party until such reimbursement is made and, in the case of security, cause the security to be returned to the Non-Defaulting Party as soon as possible and indemnify the Non-Defaulting Party for the amount and costs of any draws on the security plus interest thereon at the Prime Rate plus four percent (4%) from the date such draw is made until such indemnification is made. In addition to all other rights to enforce such reimbursement otherwise available to the Non-Defaulting Party, it shall have the right to set-off the amount of such reimbursement or indemnification (including interest) against any other monies due to the Defaulting Party pursuant to this Agreement.

(e) In the event that Beneficiary is a Defaulting Party pursuant to Section 3.2(d) or fails to make any payments set forth in Article 4, and such default or failure to pay continues for a period of at least thirty (30), in addition to any other rights available to Trustee hereunder, Trustee shall be entitled, in its sole discretion, to elect, by notice in writing, to invoke the Permit Transfer Requirement, notwithstanding that the transaction(s) resulting from Trustee's election to do so would result in Beneficiary not being BCOGC License Transfer Compliant and, upon Trustee making such election, the provisions of Section 3.1(c) shall apply.

3.3 Outside Date

At the occurrence of the Outside Date or in the event of a Change of Control, Trustee shall be entitled, in its sole discretion, to elect, by notice in writing, to invoke the Permit Transfer Requirement notwithstanding that the transaction(s) resulting from Trustee's election to do so would result in Beneficiary not being BCOGC License Transfer Compliant and, upon Trustee making such election, the provisions of Section 3.1(c) shall apply. For the purposes of this Section, "**Change of Control**" means any transfer, sale, assignment, merger or other consolidation or combination of Beneficiary with another corporation or other entity or other disposition of shares having the result (directly or indirectly) in a change of the person or persons exercising or who might exercise control over the powers, authority and business affairs of Beneficiary or its successor. The provisions of this Section 3.3 shall apply regardless of the amount of any deposit Beneficiary or OGI is required to pay to the BCOGC.

ARTICLE 4
COSTS AND FEES

4.1 Costs of Administration

From and after the completion of the License Transfers from Penn West to Trustee, Beneficiary shall, on a monthly basis thereafter, pay to Trustee a fixed administrative fee equal to:

(a) for months 1-3: forty thousand two hundred fifty dollars ($40,250) per month;

(b) for months 4-6: eighty-six thousand two hundred fifty dollars ($86,250) per month;

(c) for months 7-9: one hundred fifteen thousand dollars ($115,000) per month;

(d) for months 10-15: one hundred thirty-eight thousand dollars ($138,000) per month;

(e) for months 16-20: two hundred thousand dollars ($200,000) per month; and

(f) for months 21-24: two hundred seventy-five thousand dollars ($275,000) per month,

plus any reasonable costs incurred by Trustee as a result of Trustee holding the Beneficial Interest in trust for Beneficiary.

4.2 Invoicing

(a) Trustee shall invoice Beneficiary from time to time, but in any event no more frequently than monthly, when it incurs costs pursuant to this Agreement.

(b) Beneficiary shall pay all such invoices within thirty (30) days after the date of receipt of an invoice issued in accordance with Section 4.2(a).

(c) If Beneficiary fails to pay any payment or billing contemplated hereunder on the date upon which such payment is due, the unpaid amount shall bear interest following from such due date at the Prime Rate plus two percent (2%) per annum, compounded monthly. The obligation to pay interest shall apply until the unpaid amount is paid in full to Trustee, and shall not merge into a judgment for principal and interest, or either of them. This Section 4.2(c) shall be without limitation to Trustee's other rights hereunder or otherwise held at law or equity.

(d) Invoices issued hereunder shall survive the termination of this Agreement, and shall be deemed to be validly issued after termination to the extent Trustee is entitled to amounts owing in accordance with the terms hereof.

4.3 Cash Flow Allocation

(a) Beneficiary hereby agrees that for the first twelve (12) months following the date hereof, twenty-five percent (25%) of the monthly net cash flow derived from time to time during such period from the operation of the Assets as determined under the Asset operating statements prepared in respect thereof (copies of which shall be provided to Trustee by Beneficiary) shall be paid into trust with a trustee mutually acceptable to Trustee and Beneficiary and upon terms mutually acceptable to Trustee and Beneficiary to be allocated to Abandonment and Reclamation Obligations to be conducted on the Assets or otherwise addressing Environmental Liabilities in respect thereof. Commencing on the thirteenth (13^{th}) month following the date hereof until the earlier of the Outside Date and termination of this Agreement, (i) twenty-five percent (25%) of the monthly net cash flow derived from time to time from the operation of the Assets during such period as determined under the Asset operating statements prepared in respect thereof (copies of which shall be provided to Trustee by Beneficiary) shall be paid into trust with a trustee mutually acceptable to Trustee and Beneficiary and upon terms mutually acceptable to Trustee and Beneficiary, and (ii) an additional twenty-five percent (25%) of the monthly net cash flow derived from time to time from the operation of the Assets shall be paid into trust as security in respect of the Security Deposit. All amounts to be paid into trust hereunder, shall be paid into trust within 30 days following the end of each month and Beneficiary shall notify Trustee and provide copies of the Asset operating statements and all reasonable back-up to Trustee. If the parties hereto are unable to agree to a mutually acceptable trustee or the terms of such trust, such funds shall be paid to Trustee's solicitors on the trust condition that such funds are only to be released by a joint written direction executed by Trustee and Beneficiary.

(b) The Beneficiary hereby commits to using commercially reasonable efforts to, as soon as reasonably practicable and on commercially reasonable terms, enter into financial hedge positions for the Petroleum Substances produced from the Assets, with no less than a forty percent (40%) of the net anticipated production being hedged for the first twelve (12) months following the date hereof and no less than a thirty percent (30%) of the net anticipated production being hedged after the first twelve (12) months following the date hereof and for the remainder of the term of this Agreement.

4.4 OGI Payments

In the event that Beneficiary is unable to, or for any reason does not, make any payment contemplated in this Agreement, including the costs outlined in Section 4.1, the net cash flow payments as required by Section 4.3(a) or any deposit or Security Deposit with the BCOGC, OGI hereby acknowledges and agrees that OGI shall be solely liable for making any such payment, deposit or Security Deposit on behalf of Beneficiary, as though OGI itself were required to make such payments.

ARTICLE 5
INDEMNIFICATION AND LIABILITY

5.1 Indemnification of Trustee

Beneficiary and OGI covenant and agree with Trustee to be jointly and severally liable to Trustee for, and in addition, to indemnify and save harmless Trustee and its directors, officers, employees and agents from and against, any and all liability, loss, costs, claims, damages and expenses including, without limitation, all penalties, fines, court costs, legal costs (on a solicitor and his own client basis), lessor royalties, accountant and other professional expenses, claims or damages whatsoever arising as a result of Trustee holding the Beneficial Interest in trust, unless caused by the gross negligence or willful misconduct of Trustee or its agents.

5.2 Liability of Beneficiary

Beneficiary agrees and acknowledges that any failure by Beneficiary to receive and accept conveyance and assignment of the Permits from Trustee as and when required hereunder, will result in irreparable harm to Trustee, which harm could not be adequately compensated by monetary damages. Accordingly, Beneficiary agrees that Trustee shall be entitled to interim or permanent injunctive relief, specific performance or other equitable remedies in addition to any other relief to which Trustee may be entitled under Applicable Law in respect of such failure to receive or accept conveyance and assignment of the Permits.

ARTICLE 6
NOTICES

6.1 Notices

(a) The addresses for service and the fax numbers of the parties hereto shall be as follows:

Trustee: Predator Oil BC Ltd.
1600, 250 2nd Street S.W.
Calgary, AB T2P 0C1

Attention: Greg MacDonald, President & COO
Email: Greg.MacDonald@PredatorOil.com

Beneficiary: Ranch Resources Corporation
1200, 815 – 8th Avenue S.W.
Calgary, AB T2P 3P2

Attention: Ryan Tobber
Email: ryan.tobber@opsmobil.com

OGI: OpsMobil Group Inc.
1200, 815 – 8th Avenue SW
Calgary, AB T2P 3P2

Attention: Ryan Tobber
Email: ryan.tobber@opsmobil.com

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

(i) by personal service on a party hereto at the address of such party set out above, in which case the item so served shall be deemed to have been received by that party when personally served;

(ii) by electronic transmission to a party hereto to the e-mail address of such party set out above, in which case the item so transmitted shall be deemed to have been received by that party when transmitted;

(iii) except in the event of an actual or threatened postal strike or other labour disruption that may affect mail service, by mailing first class registered post, postage prepaid, to a party hereto at the address of such party set out above, in which case the item so mailed shall be deemed to have been received by that party on the fifth day following the date of mailing (the date of mailing being the day immediately prior to the postmarked date of the envelope containing the notice, communication or statement or if the subject envelope has been lost or destroyed, the date of such notice, communication or statement or if undated the date of the transmittal letter accompanying the same).

(c) A party hereto may from time to time change its address for service or its fax number or both by giving written notice of such change to the other party hereto in accordance herewith.

ARTICLE 7
TERM AND TERMINATION

7.1 Termination

This Agreement shall remain in full force and effect for so long as the Beneficial Interest, or any part or portion thereof, is held in trust by Trustee for Beneficiary, and thereafter until all accounts between Trustee and Beneficiary, or Trustee and OGI, if applicable, have been settled.

ARTICLE 8
GENERAL

8.1 Assignment and Enurement

(a) A party hereto may only assign this Agreement with the prior written consent of the other party.

(b) This Agreement shall be binding upon and shall enure to the benefit of each of the parties hereto and their respective administrators, trustees, receivers, successors and permitted assigns.

8.2 Entire Agreement

(a) This Agreement contains the entire agreement between the parties hereto in respect of the trust provided for herein and, except as expressly provided for in the Sale Agreement, there are no representations, warranties or agreement, collateral or otherwise, other than as expressed herein.

(b) This Agreement supersedes all other trust agreements between the parties hereto with respect to the Beneficial Interest.

(c) The Parties acknowledge and agree that lenders for Purchaser may require certain amendments to this Trust Agreement in order to advance funding final cash payment for the Assets. The Parties acknowledge and agree that they will act reasonably and in good faith to make such necessary amendments provided they are reasonable.

8.3 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein, and each party hereby attorns to the exclusive jurisdiction of the courts of the Province of Alberta and all courts of appeal therefrom.

8.4 Counterpart Execution

This Agreement may be executed in counterparts, including by electronic means, and all counterparts together shall constitute one agreement. No party shall be bound until all parties have executed this Trust Agreement.

8.5 Further Assurances

Each party hereto will, from time to time and at all times hereafter upon request, without further consideration, do such further acts and deliver all such further assurances, deeds and documents as shall be reasonably required in order to fully perform and carry out the terms of this Agreement.

8.6 Severability

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.

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

PREDATOR OIL BC LTD.

Per: ______________________

Per: Greg Macdonald
President & COO

RANCH RESOURCES CORPORATION

Per: ______________________

Per: Ryan Tobber

OPSMOBIL GROUP INC.

Per: ______________________

Per: Ryan Tobber

THIS IS EXHIBIT "G" REFERRED TO IN

THE AFFIDAVIT OF RYAN TOBBER

SWORN BEFORE ME

THIS 3RD DAY OF JULY, 2018

A Commissioner of Oaths
in and for the Province of Alberta

Anthony Mersich
Barrister and Solicitor

SHARE PURCHASE AGREEMENT

THIS AGREEMENT made the 15th day of June, 2018.

AMONG:

1080766 ALBERTA LTD., BECAM CONSULTING LTD., POST HILL ENERGY INC., and **GREG MACDONALD**

(hereinafter collectively referred to as the "**Shareholders**")

AND:

2118469 ALBERTA INC., a corporation incorporated under the laws of the Province of Alberta

(hereinafter referred to as the "**Purchaser**")

AND:

PREDATOR OIL BC LTD., a company formed by amalgamation under the laws of the Province of British Columbia

(hereinafter referred to as the "**Corporation**")

WHEREAS the Purchaser wishes to acquire all of the issued and outstanding shares of the Corporation;

AND WHEREAS the Shareholders have agreed to sell and assign to the Purchaser, and the Purchaser has agreed to purchase and acquire from each of the Shareholders, the Shareholder's Shares (as defined herein).

NOW THEREFORE, in consideration of the mutual covenants, warranties, representations, agreements and payments herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties, the Parties covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals hereto, this article and each schedule attached hereto, the words and phrases set forth below shall have the meanings ascribed thereto, namely:

(a) "**Agreement**" means this share purchase agreement, and the expressions "above", "below", "herein", "hereto", "hereof" and similar expressions refer to this Agreement;

(b) "**Applicable Law**" means any and all applicable (i) laws, constitutions, treaties, statutes, codes, ordinances, orders, decrees, rules, regulations and by-laws of any Governmental Authority, (ii) judgments, orders, writs, injunctions, decisions, awards and directives of any Governmental Authority and (iii) policies, guidelines, notices and protocols of any Governmental Authority;

(c) "**Assets**" means all of the property and assets of the Corporation of every nature and kind and wheresoever situate, including, without limitation, (i) the Security Deposit, and (ii) the Books and Records and the Corporate Records;

(d) "**Books and Records**" means, with respect to the Corporation, all information in any form relating to the Business of the Corporation, including books of account, financial and accounting information and records, personnel records, tax records, sales and purchase records, production reports and records, business reports, plans and projections and all other documents, files, correspondence and other information (whether in written, printed, electronic or computer printout form, or stored on computer discs or other data and software storage and media devices);

(e) "**Business**" means the business presently and heretofore carried on by the Corporation as a going concern;

(f) "**Business Day**" means a week day, excluding all statutory holidays in the City of Calgary;

(g) "**Certificate**" means written certification of a matter or matters of fact which, if required from a corporation, shall be made by a duly authorized officer of the corporation on behalf of the corporation and without personal liability being assumed by such officer;

(h) "**Claim**" means any claim, demand, action, cause of action, suit, arbitration, investigation, proceeding, complaint, grievance, charge, prosecution, assessment or reassessment, including any appeal or application for review;

(i) "**Closing**" means the closing of the purchase and sale of the Purchased Shares by the Purchaser and the Shareholders, including the payment by the Purchaser of the Purchase Price therefor and the completion of all matters incidental thereto in accordance with the provisions of this Agreement;

(j) "**Closing Date**" means June 15, 2018 or such other date as provided herein;

(k) "**Common Shares**" means the Common Shares without par value in the capital of the Corporation;

(l) "**Communication**" means any notice, demand, request, consent, approval or other communication which is required or permitted by this Agreement to be given or made by a Party;

(m) "**Contract**" means any agreement, understanding, undertaking, commitment, licence, or Lease, whether written or oral;

(n) "**Corporate Records**" means, in respect of the Corporation, the corporate records of the Corporation, including (i) its constating documents and articles, (ii) all minutes of meetings and resolutions of the shareholders and the directors (and any committees) of the Corporation, and (iii) the share certificate books, central securities register, register of transfers and register of directors relating to the shareholders and the directors of the Corporation;

(o) "**Damages**" means all demands, Claims, actions, causes of action, assessments, losses, damages, costs, expenses, liabilities, judgments, awards, fines, sanctions, penalties, charges and amounts paid in settlement thereof (net of insurance proceeds actually received), including (i) interest on cash disbursements in respect of any of the foregoing at the Reference Rate in effect from time to time, compounded quarterly, from the date each such cash disbursement is made until the Person incurring the same shall have been indemnified in respect thereof and (ii) reasonable costs, fees and expenses of attorneys, accountants and other agents of, or other Persons retained by, such Person;

(p) "**Dollars**" and "**$**" means dollars of the lawful money of Canada;

(q) "**Employees**" means all personnel employed by the Corporation in connection with its Business, including any that are on medical or long-term disability leave, or other statutory or authorized leave or absence;

(r) "**Encumbrance**" means any security interest, mortgage, charge, pledge, hypothec, lien, encumbrance, restriction, option, adverse Claim, right of others or other encumbrance of any kind;

(s) "**Environment**" means the ambient air, all layers of the atmosphere, all water including surface water and underground water, all land, all living organisms and the interacting natural systems that include components of air, land, water, living organisms and organic and inorganic matter, and includes indoor spaces;

(t) "**GAAP**" means generally accepted accounting principles applicable to private enterprises under Part II of the CPA Canada Handbook of the Chartered Professional Accountants of Canada applicable as of the date of this Agreement;

(u) "**Governmental Authority**" means (i) any international, multinational, national, federal, provincial, state, municipal, local or other government, (ii) any subdivision, department, court, commission, board, bureau, agency or authority of any government, or (iii) any quasi-governmental or private body exercising any regulatory, rule-making, expropriation, taxing or other governmental or quasi-governmental authority;

(v) "**Guarantee**" means the guarantee of Ryan Tobber in the form attached hereto as Schedule "C", pursuant to which Ryan Tobber guarantees the obligations of the Purchaser under this Agreement and under each of the Promissory Notes;

(w) "**Insurance Policies**" means the insurance policies maintained by the Corporation with respect to its Business;

(x) "**Leased Premises**" means all of the lands and premises which are leased by or which are licensed to the Corporation;

(y) "**Loss**" means any loss, liability, Damage, cost, expense, charge, fine, penalty or assessment including the costs and expenses of any action, suit, proceeding, demand, assessment, judgment, settlement or compromise and all interest, fines and penalties related thereto;

(z) "**Material Adverse Effect**" means a material adverse effect on the Business or financial position, condition, Assets or properties of the Corporation, the knowledge of which would affect any decision of a reasonable Person in the Purchaser's position regarding whether to complete the transactions contemplated by this Agreement;

(aa) "**Material Contract**" means a Contract that:

(i) involves or may result in the payment of money or money's worth by or to the Corporation in an amount in excess of $10,000.00;

(ii) has an unexpired term of more than one (1) year (including renewals);

(iii) cannot be terminated by the Corporation without penalty upon less than thirty (30) days' notice; or

(iv) the termination of which, or under which the loss of rights, would constitute a Material Adverse Effect;

(bb) "**Parties**" means all of the parties to this agreement and "**Party**" shall mean any of them as the context requires;

(cc) "**Permits**" means the authorizations, registrations, permits, certificates of approval, approvals, grants, licences, consents, commitments, rights or privileges issued or granted by any Governmental Authority to the Corporation;

(dd) "**Person**" means an individual, corporation, firm, partnership, limited liability company, limited liability partnership, association, trust, estate or other entity or organization, including a Governmental Authority;

(ee) "**Place of Closing**" means the offices of the Corporation located at 900, 222 – 3rd Avenue SW, Calgary, Alberta;

(ff) "**Promissory Notes**" means, collectively, the promissory notes, substantially in the form attached hereto as Schedule "B", delivered to each of the Shareholders by the Purchaser in satisfaction of the Purchase Price in accordance with clause 3.1;

(gg) "**Purchase Price**" means the price, set out in clause 3.1, to be paid by the Purchaser for the Purchased Shares;

(hh) "**Purchased Shares**" means 2,042,116 Common Shares;

(ii) "**Reference Rate**" means the per annum rate of interest that the National Bank of Canada has established at its head office as a reference rate of interest that it will charge on that day for loans made by it in Canadian Dollars to Canadian corporate customers and which it refers to as its prime rate, as such rate may be changed from time to time;

(jj) "**Release**" means to release, spill, leak, pump, pour, emit, empty, discharge, deposit, inject, leach, dispose, dump or permit to escape;

(kk) "**Representatives**" means the advisors, agents, consultants, directors, officers, management, employees, subcontractors, and other representatives, including accountants, auditors, financial advisors, lenders and lawyers of any Person;

(ll) "**Security Deposit**" means the $15,000,000.00 cash security deposit posted by the Corporation and the $656,883.00 cash security deposit to be posted by the Corporation both to the British Columbia Oil and Gas Commission;

(mm) "**Shareholder's Shares**" means those of the Purchased Shares owned by each of the Shareholders as set forth in clause 2.1 hereof;

(nn) "**Tax**" means all taxes, duties, fees, premiums, assessments, imposts, levies, rates, withholdings, dues, government contributions and other charges of any kind whatsoever, whether direct or indirect, together with all interest, penalties, fines, additions to tax or other additional amounts, imposed by any Governmental Authority;

(oo) "**Tax Act**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, as amended from time to time;

(pp) "**Tax Law**" means any law that imposes Taxes or that deals with the administration or enforcement of liabilities for Taxes;

(qq) "**Tax Return**" means any return, report, declaration, designation, election, undertaking, waiver, notice, filing, information return, statement, form, certificate or any other document or materials relating to Taxes, including any related or supporting information with respect to any of those documents or materials listed above in this subclause (qq), filed or to be filed with any Governmental Authority in connection with the determination, assessment, collection or administration of Taxes;

(rr) "**Time of Closing**" means 3:00 pm ~~10:00 a~~.m. (Calgary time) on the Closing Date;

(ss) "**Title and Operating Documents**" means, to the extent related to the petroleum and natural gas rights, the wells or the tangibles comprising the Assets:

(i) leases, licences, permits, trust agreements and similar documents of title set forth and described in Schedule "E", by virtue of which the Corporation is entitled to drill for, win, take, own or remove the petroleum substances within, upon or under the lands described in Schedule "E", or by virtue of which the holder thereof is deemed to be entitled to a share of petroleum substances removed from such lands, and includes, if applicable, all renewals and extensions of such documents and all documents issued in substitution therefor but only insofar as the same relate to such lands;

(ii) agreements governing operations, or affecting the Corporation's interests and obligations therein, including operating agreements, royalty agreements, farmout and farmin agreements, option agreements, joint venture agreements, participation agreements, pooling agreements and trust agreements;

(iii) agreements for the construction, ownership and operation of any tangibles comprising the Assets;

(iv) service agreements for the injection or subsurface disposal of substances, the use of well bores or the operation of any wells or tangibles that comprise part of the Assets by a third party;

(v) the Permits; and

(vi) agreements respecting the unitization of any of the petroleum and natural gas rights comprising the Assets;

(tt) "**U.S. Person**" has the meaning ascribed thereto in Rule 902 of Regulation S adopted by the United States Securities and Exchange Commission under the *Securities Act of 1933* and pursuant to the Tax Act; and

(uu) "**Working Capital**" means cash on hand plus current assets, such as current accounts receivable, prepaid expenses and deposits, less current liabilities, such as accounts payable, accrued liabilities, short-term bank debt and other current liabilities.

1.2 Incorporation of Appendices

Appended hereto and forming part of this Agreement are the following Schedules:

Schedule "A" – [Intentionally Deleted]
Schedule "B" – Form of Promissory Notes
Schedule "C" – Form of Guarantee
Schedule "D" – [Intentionally Deleted]
Schedule "E" – Land Schedule (Mineral Property Report)
Schedule "F" – Environmental Orders
Schedule "G" – Insurance Policies

1.3 Schedule References

Wherever any provision of any schedule to this Agreement conflicts with any provision in the body of this Agreement, the provisions of the body of this Agreement shall prevail. References herein to a schedule shall mean a reference to the applicable schedule to this Agreement. References in any schedule to the "Agreement" shall mean a reference to this Agreement. References in any schedule to another schedule shall mean a reference to a schedule to this Agreement.

1.4 Article/Clause/Paragraph References

References herein to an Article, clause, subclause or paragraph shall mean a reference to an Article, clause, subclause or paragraph within the body of this Agreement.

1.5 Headings

The headings of Articles, clauses, subclauses and paragraphs herein and in the schedules are inserted for convenience of reference only and shall not affect or be considered to affect the construction of the provisions hereof.

1.6 Gender

In this Agreement words importing persons include corporations, companies, individuals and other bodies corporate and vice versa, and words importing the masculine gender include the feminine and neuter genders and vice versa.

1.7 Accounting References

All accounting terms not specifically defined in this Agreement are to be interpreted in accordance with generally accepted accounting principles in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants, at the relevant time applied on a consistent basis.

1.8 Entire Agreement and Amendments

This Agreement (including all schedules hereto) constitutes the entire agreement between the Parties pertaining to each Shareholder's Shares and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, and there are no warranties, representations or other agreements between the Parties in connection with the subject matter hereof, except as specifically set forth herein. No supplement, modification, waiver or termination of this Agreement shall be binding unless executed in writing by the Party to be bound thereby.

1.9 Knowledge

Where in this Agreement a representation or warranty is made on the basis of the knowledge or awareness of the Corporation, such knowledge or awareness consists only of the actual knowledge or awareness as of the date of this Agreement, of Graydon Glans and Greg MacDonald, after reasonable inquiry, but does not include the knowledge or awareness of any other individual or any constructive, implied or imputed knowledge.

ARTICLE 2
SALE AND PURCHASE

2.1 Sale and Purchase

At the Time of Closing, each Shareholder agrees to sell and convey such Shareholder's entire right, title, estate and interest in the Shareholder's Shares to the Purchaser, and the Purchaser agrees to purchase and accept the Shareholder's Shares from each Shareholder, in each case in the number set forth opposite such Shareholder's name below for the Purchase Price, all in accordance with and subject to the terms and conditions set forth in this Agreement:

Shareholder	Common Shares
1080766 Alberta Ltd.	1,000,000
Becam Consulting Ltd.	362,984
Post Hill Energy Inc.	653,669
Greg MacDonald	25,463
Total	**2,042,116**

2.2 Closing

Closing shall take place at the Place of Closing at the Time of Closing, or at such other place or at such other time as the Shareholders, the Corporation and the Purchaser may agree to in writing.

ARTICLE 3
PURCHASE PRICE

3.1 Purchase Price

The aggregate consideration to be received by the Shareholders for the Purchased Shares shall be $7,000,000 (the "**Purchase Price**"), satisfied by the Purchaser by way of delivery of the Promissory Notes to the Shareholders at the Time of Closing. For purposes hereof, the Purchase Price shall be allocated among the Shareholders, and the Promissory Notes shall be issued to the Shareholders, in the principal amounts, as follows:

Shareholder	Purchase Price
1080766 Alberta Ltd.	$3,427,817.00
Becam Consulting Ltd.	$1,244,242.70
Post Hill Energy Inc.	$2,240,657.70
Greg MacDonald	$87,282.60
Total	**$7,000,000.00**

The Parties acknowledge and agree that there will be no adjustments to the Purchase Price on the account of the Working Capital of the Corporation.

3.2 Delivery of Certificates for Shareholder's Shares

Subject to the fulfillment of all of the terms and conditions hereof, at the Time of Closing, each of the Shareholders shall deliver to the Purchaser certificates representing the Shareholder's Shares held by such Shareholder, duly endorsed for transfer to the Purchaser, or other evidence of transfer of the Shareholder's Shares on the books of the Corporation satisfactory to the Purchaser, together with such other documentation as the Purchaser may reasonably request for the purpose of effecting the transfer and delivery of the Shareholder's Shares.

ARTICLE 4
DUE DILIGENCE

4.1 Due Diligence

The Purchaser acknowledges and agrees that all due diligence in respect of the Assets and the Corporation has been completed, the Purchaser shall have no further ability to terminate this Agreement on the basis of its due diligence reviews, other than as expressly provided for in this Agreement.

ARTICLE 5
REPRESENTATIONS OF THE SHAREHOLDERS AND THE CORPORATION

5.1 Representations of the Shareholders

Each of the Shareholders severally, but not jointly, with respect only to matters pertaining to such Shareholder or such Shareholder's activities, hereby represents and warrants to and with the Purchaser and acknowledges that the Purchaser is relying upon such representations and warranties in connection with the matters contemplated by this Agreement, that:

(a) other than the Purchaser, no person, firm or corporation has any right, under preferential rights of purchase clauses or otherwise, which has not been waived prior to the Closing Date, to acquire any interest in the Shareholder's Shares held by such Shareholder by virtue of or arising from this Agreement or otherwise;

(b) such Shareholder has the requisite power and authority to enter into this Agreement and to perform the obligations of such Shareholder hereunder;

(c) the execution and delivery of this Agreement and each and every agreement or document to be executed and delivered hereunder by such Shareholder and the consummation of transactions contemplated herein will not, as a result of such Shareholder's involvement, violate nor be in conflict with any provision of the constating documents of such Shareholder, as applicable, any material agreement or instrument to which such Shareholder is a party or is bound or, to such Shareholder's knowledge, any judgment, decree, order, statute, rule or regulation applicable to such Shareholder;

(d) this Agreement has been duly executed and delivered by such Shareholder and all documents required hereunder to be executed and delivered by such Shareholder will be duly executed and delivered and this Agreement does, and each of such documents will, constitute legal, valid and binding obligations of such Shareholder enforceable in accordance with its terms, subject only to any limitation under Applicable Law relating to (i) bankruptcy, fraudulent preference and conveyance, assignment and preference and other similar laws of general application affecting creditors' rights, and (ii) the discretion that an applicable court of competent jurisdiction may exercise in the granting of equitable remedies such as specific performance and injunction;

(e) at the Time of Closing, such Shareholder shall have good and marketable title and legal and beneficial title to, and ownership of, that number of the Shareholder's Shares set forth opposite such Shareholder's name in clause 2.1 hereof;

(f) at the Time of Closing, the Shareholder's Shares of such Shareholder shall be fully paid and non-assessable and free and clear of all liens, mortgages, charges, security interests, pledges, encumbrances, demands and adverse Claims whatsoever;

(g) there are no actions, suits, proceedings or Claims existing or, to the knowledge of such Shareholder, pending or threatened with respect to or in any manner challenging ownership of the Shareholder's Shares held by such Shareholder or the sale of such Shareholder's Shares pursuant hereto;

(h) there are no actions, suits, proceedings or Claims existing or, to the knowledge of such Shareholder, pending or threatened, which might reasonably be expected to result in a material impairment or loss of such Shareholder's interest in the Shareholder's Shares of such Shareholder, or any part thereof, and there is no particular circumstance, matter or thing known to such Shareholder which could reasonably be anticipated to give rise to any such action, suit, proceeding or Claim;

(i) such Shareholder is not a non-resident of Canada within the meaning of the Tax Act; and

(j) such Shareholder acknowledges that such Shareholder has received independent legal advice regarding this Agreement, and if such Shareholder has not received such independent legal advice, such Shareholder acknowledges that such Shareholder is entitled to receive such independent legal advice and has chosen not to receive such advice.

5.2 Representations of the Shareholders and the Corporation

Each of the Shareholders and the Corporation hereby severally represents and warrants to and with the Purchaser and acknowledges that the Purchaser is relying upon such representations and warranties in connection with the matters contemplated by this Agreement, that:

(a) the Corporation is a corporation duly incorporated and validly subsisting under its jurisdiction of incorporation and has the corporate power to own or lease its property, including the Assets, and to carry on its business as now conducted by it and the Corporation is duly registered to carry on business in each jurisdiction as the nature of its business requires;

(b) the Corporation has an authorized capital of an unlimited number of Common Shares and a total issued and outstanding capital of 2,042,116 Common Shares and there are no outstanding subscriptions, options, rights, warrants or other agreements or commitments obligating the Corporation to sell or issue any additional shares of any class or securities convertible into any share of any class;

(c) the Corporation has the requisite power and authority to enter into this Agreement and to perform its obligations hereunder;

(d) all necessary corporate action has been taken by the Corporation to authorize the execution and delivery of this Agreement by it and all other agreements and instruments contemplated by this Agreement;

(e) this Agreement has been duly executed and delivered by the Corporation and all documents required hereunder to be executed and delivered by the Corporation shall have been duly executed and delivered and this Agreement does, and such documents will, constitute legal, valid and binding obligations of the Corporation enforceable in accordance with their respective terms, subject only to any limitation under Applicable Law relating to (i) bankruptcy, fraudulent preference and conveyance, assignment and preference and other similar laws of general application affecting creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction;

(f) the execution and delivery of this Agreement and each and every agreement or document to be executed and delivered hereunder by the Corporation and the consummation of the transactions contemplated herein will not violate nor be in conflict with any provision of any material agreement or instrument to which the Corporation is a party or is bound or any judgment, decree, order, statute, rule or regulation applicable to the Corporation or of the constating documents or articles of the Corporation;

(g) the Corporation has no subsidiary corporations and is not in any partnership with any Person, and owns no shares or securities of any other entity;

(h) the Corporation is not a reporting issuer in any jurisdiction;

(i) to the knowledge of the Corporation, the number of holders of Common Shares is not more than four (4);

(j) the Corporation has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees, legal fees and other expenses in respect of this transaction for which the Purchaser or the Corporation following Closing shall have any obligation;

(k) to the knowledge of the Corporation, no U.S. Person holds Common Shares;

(l) the Corporate Records of the Corporation contain complete and accurate minutes of all meetings of, and all written resolutions passed by, the directors and shareholders of the Corporation, held or passed since incorporation, and the share certificate books, central securities register, registers of shareholders and registers of directors of the Corporation are complete and accurate;

(m) the Books and Records fairly and correctly set out and disclose, in accordance with GAAP, in all material respects, the financial position of the Corporation, and all material financial transactions of the Corporation have been accurately recorded in the Books and Records;

(n) the Corporation has filed, or will file within the applicable timeline for doing so, all Tax Returns, has paid all Taxes, and has deducted, withheld or collected, and remitted, all amounts to be deducted, withheld, collected or remitted, with respect to any Taxes, as required under all applicable Tax Laws;

(o) the Shareholders and the Corporation do not warrant title to the Assets, but the Shareholders and the Corporation do warrant that, except for customary permitted encumbrances in the oil and gas industry in respect of the Assets, the provisions of the Title and Operating Documents relating to the Assets or as otherwise disclosed in the Schedules, (i) at Closing, the Assets will be free and clear of all liens, royalties, conversion rights and other adverse claims of third parties created by, through or under the Corporation, and (ii) the Corporation has done no act or thing and, to the Shareholder's knowledge, there is no circumstances, matter or thing whereby any of the Assets may be reduced, cancelled or determined. The Assets comprise all of the undertakings, property and assets necessary for it to carry on its Business as it is currently operated;

(p) the Corporation does not own any real property. Schedule "E" sets out the mineral property report listing the petroleum and natural gas rights which comprise part of the Assets;

(q) the Corporation has no: (i) obligations to sell or deliver petroleum substances which are granted, reserved or otherwise conferred pursuant to the title and operating documents in respect of the assets of the Corporation, without being entitled in due course to receive and retain full payment for such petroleum substances; or (ii) obligations to use transportation, pipeline or processing capacity with minimum volume commitments where any shortfalls in deliveries or use is satisfied through payment obligation;

(r) all royalties, production, severance and similar taxes and assessments based on or measured by the ownership or production of petroleum substances, payable by the Corporation in respect of the Assets have been paid;

(s) all accounts receivable of the Corporation were created in the ordinary and customary course of its Business and, except to the extent that they have been paid in the ordinary course of its Business since the date thereof, are valid and enforceable and payable in full, without any right of set-off or counterclaim or any reduction for any credit or allowance made or given;

(t) the Corporation has not received notice of a material default or material breach, and to the knowledge of the Shareholders, the Corporation is not in any material default or material breach as of the date of this Agreement under any of the Title and Operating Documents or any Applicable Laws, in each case that would reasonably be expected to have an adverse effect on the value of the Assets or the Corporation, and, other than the Title and Operating Documents, the Corporation is not a party to any Material Contracts;

(u) the Corporation is conducting its Business in material compliance with all Applicable Laws;

(v) to the knowledge of the Shareholders, the Corporation has the Permits required to enable the Corporation to carry on its Business as currently conducted and to enable the Corporation to own, lease and operate its Assets, as applicable. All Permits are valid, subsisting, in full force and effect and unamended, and, other than in respect of notices from the British Columbia Oil and Gas Commission in respect of the Corporation's LMR rating under Applicable Law, the Corporation is not in default or breach of any Permit; no proceeding is pending or, to the knowledge of any of the Shareholders, threatened to revoke or limit any Permit, and the completion of the transactions contemplated by this Agreement will not result in the revocation of any Permit or the breach of any term, provision, condition or limitation affecting the ongoing validity of any Permit;

(w) other than as disclosed in Schedule "F" hereto, the Corporation has not received, as of the date of this Agreement, any orders (excluding deficiency notices) which relate to material Environmental compliance matters under Applicable Law;

(x) the Corporation is not and has not been bound by or a party to, either directly or by operation of law, any collective bargaining agreement with any trade union or association which may qualify as a trade union;

(y) the Corporation has no Employees and, other than for accounting and legal services, the Corporation is not a party to any Contract with any consultant for such consultant to provide services to the Corporation;

(z) there are no Claims, whether or not purportedly on behalf of the Corporation, pending, commenced, or, to the knowledge of any of the Shareholders, threatened, against the Corporation or the assets of the Corporation;

(aa) there is no outstanding judgment, decree, order, ruling or injunction involving the Corporation that relates in any way to the transactions contemplated by this Agreement;

(bb) no property or Asset of the Corporation has been taken or expropriated by any Governmental Authority and no notice or proceeding in respect of any expropriation has been given or commenced or, to the knowledge of any of the Shareholders, is there any intent or proposal to give any notice or commence any proceeding in respect of any expropriation;

(cc) the Corporation is a "private issuer" as that term is defined in clause 2.4(1) of National Instrument 45-106 of the Canadian Securities Administrators; and

(dd) no representation or warranty or other statement made by any of the Shareholders in this Agreement contains any untrue statement or, to the Shareholders' knowledge, omits to state a material fact necessary to make it, in light of the circumstances in which it was made, not misleading;

provided that each Shareholders' aggregate liability to the Purchaser for any breach or breaches of any representation and warranty provided in this clause 5.2 shall be limited to the value of the consideration received by such Shareholder hereunder for the Shareholder's Shares held by him or it, as the case may be.

5.3 As-Is, Where-Is

The Shareholders make no representations or warranties with respect to the Purchased Shares, the Corporation, the Assets or the Business, except as expressly contained in clauses 5.1 and 5.2 hereof. The Purchaser acknowledges that, except as expressly contained in clauses 5.1 and 5.2, the Shareholders have not made, and each of the Shareholders hereby expressly disclaims and negates any liability or responsibility for any representation or warranty that may have been made or alleged to have been made with respect to the Purchased Shares, the Corporation, the Assets or the Business, including any express or implied warranty contained in any document or statement made or communicated to the Purchaser including any information memorandum, opinion, notice, information or advice provided to the Purchaser by any affiliate, shareholder, director, officer, servant, employee, agent, consultant or representative of the Shareholders or the Corporation.

ARTICLE 6
REPRESENTATIONS OF THE PURCHASER

6.1 Representations of the Purchaser

The Purchaser hereby represents and warrants to and with the Shareholders and the Corporation, that:

(a) the Purchaser is, and at the Closing Date shall continue to be, a corporation duly incorporated under its jurisdiction of incorporation, validly existing and in good standing under the laws of such jurisdiction and any other jurisdiction where the Purchaser is required to be registered;

(b) the Purchaser has all requisite corporate power and authority to execute and deliver this Agreement and to purchase and pay for the Purchased Shares on the terms described herein and to perform the other obligations of the Purchaser under this Agreement;

(c) all necessary corporate action has been taken by the Purchaser to authorize the execution and delivery by the Purchaser of this Agreement and all other agreements and instruments contemplated by this Agreement;

(d) the execution and delivery by the Purchaser of this Agreement, and each and every agreement or document to be executed and delivered by the Purchaser hereunder, and the consummation by the Purchaser of the transactions contemplated herein, will not violate, nor be in conflict with, any provision of any material agreement or instrument to which the Purchaser is a party or is bound, or any judgment, decree, order, statute, rule or regulation applicable to the Purchaser or the constating documents or by-laws of the Purchaser;

(e) this Agreement has been duly executed and delivered by the Purchaser and all documents required hereunder to be executed and delivered by the Purchaser shall be duly executed and delivered and this Agreement does, and such documents will, constitute legal, valid and binding obligations of the Purchaser enforceable against the Purchaser in accordance with their respective terms, subject only to any limitation under Applicable Laws relating to (i) bankruptcy, winding-up insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other similar laws of general application affecting creditors' rights, and (ii) the discretion that a court of competent jurisdiction may exercise in the granting of equitable remedies such as specific performance and injunction; and

(f) there are no actions, suits or other legal, administrative or arbitration proceedings or government investigations, actual or, to the knowledge of the Purchaser, threatened, which might reasonably be expected to result in a material impairment or loss of the assets of the Purchaser and there is no particular circumstance, matter or thing known to the Purchaser which could reasonably be anticipated to give rise to any such action, suit or other legal, administrative or arbitration proceeding or government investigation, except as disclosed in writing to the Shareholders and the Corporation.

ARTICLE 7
INDEMNITY AND SURVIVAL OF REPRESENTATIONS AND WARRANTIES

7.1 Indemnity of the Shareholders

Provided Closing occurs, each of the Shareholders agrees to indemnify and hold harmless the Purchaser severally, to the extent set forth in this Article 7, in respect of any and all Damages incurred by the Purchaser as a result of any inaccuracy or misrepresentation in, or breach of, any representation, warranty, covenant or agreement made in this Agreement by the Corporation or by the Shareholders, including, without limitation, any and all such Damages incurred by the Purchaser as a result of a Claim made against the Purchaser by a Person who is not a Party to this Agreement; provided, however, that (i) the Shareholders shall have no obligation to indemnify the Purchaser hereunder unless, and to the extent, the aggregate of all Damages incurred by Purchaser for all items covered by this clause 9.1 exceeds, \$100,000.00; (ii) the Shareholders shall have no obligation to indemnify the Purchaser hereunder for all items covered by this clause 7.1 in excess of \$1,000,000.00; (iii) the obligations of the Shareholders under this clause 7.1 are several and limited to their proportionate share of the total liability to the Purchaser; and (iv) no Shareholder shall have any obligation to indemnify the Purchaser in an amount that exceeds the portion of the Purchase Price paid to such Shareholder, and the remedies and sole recourse of the Purchaser for any alleged breach or default by the Corporation or the Shareholders pursuant to this Agreement, other than Claims involving fraud, shall be limited to this clause 7.1. The Parties agree that any Damages for which a Shareholder is hereby required to indemnify the Purchaser shall first be satisfied to the Purchaser by a reduction of and set off against the principle amount and any interest remaining due under the Promissory Note issued to such Shareholder for the amount of the Damages, and then only to the extent of any remaining Damages amount due to the Purchaser as a result of indemnification hereunder, will a Shareholder be liable for payment thereof directly to the Purchaser.

7.2 Indemnity of the Purchaser

Provided Closing occurs, the Shareholders shall be indemnified and held harmless by the Purchaser, to the extent set forth in this Article 7, in respect of any and all Damages incurred by the Shareholders as a result of any inaccuracy or misrepresentation in, or breach of, any representation, warranty, covenant or agreement made in this Agreement by the Purchaser, provided, however, that (i) the Purchaser shall have no obligation to indemnify the Shareholders hereunder unless, and to the extent, the aggregate of all Damages incurred by the Shareholders in respect of the matters indemnified under this clause 7.2, exceeds \$100,000.00; (ii) the Purchaser shall have no obligation to indemnify a Shareholder for an amount that exceeds the Purchase Price paid to such Shareholder; and (iii) other than Claims involving fraud, the remedies and sole recourse of the Shareholders for any alleged breach or default by the Purchaser pursuant to this Agreement shall be limited to this clause 7.2.

7.3 Survival

Other than for Claims involving fraud, no Claim under this Article 7 shall be enforceable unless written notice of such Claim, with reasonable particulars, is given by the Party making the Claim to the other Party within a period of one (1) year from the date hereof.

ARTICLE 8
CLOSING CONDITIONS

8.1 Closing Deliveries

(a) On the Closing Date, each of the Shareholders shall deliver to the Purchaser and the Corporation, as applicable, the following documents:

(i) the share certificate(s) representing such Shareholder's Shares in the name of such Shareholder duly endorsed for transfer to the Purchaser, as contemplated in clause 3.2;

(ii) the new share certificate representing the Purchased Shares issued in the name of the Corporation;

(iii) resignations of all officers and directors of the Corporation, duly executed;

(iv) a mutual release by each of the Shareholders and the directors and officers of the Corporation of all Claims that such releasor may have against the Corporation;

(v) a certificate of each of the Shareholders tendered to the Purchaser, certifying that all of the representations warranties and covenants of the Shareholders contained in this Agreement are true and have been performed and complied with, in all material respects, as of the Time of Closing;

(vi) a certificate of the Corporation from a senior officer of the Corporation tendered to the Purchaser, certifying that all of the representations warranties and covenants of the Corporation contained in this Agreement are true and have been performed and complied with, in all material respects, as of the Time of Closing;

(vii) all Books and Records of and related to the Corporation and the Business; and

(viii) all documentation and other evidence reasonably requested by the Purchaser in order to establish the due authorization and completion of the transactions contemplated by this Agreement, including the taking of all corporate proceedings by the board of directors of the Shareholders and the Corporation required to effectively carry out the obligations of the Shareholders and the Corporation pursuant to this Agreement.

(b) On the Closing Date, the Purchaser shall deliver (or shall cause the Corporation to deliver, as applicable) to the Shareholders (or the Corporation, as applicable) the following documents:

(i) a mutual release by the Purchaser and the Corporation of all Claims that such releasor may have against the Shareholders, directors and officers of the Corporation;

(ii) the Promissory Notes, in favour of each of the Shareholders in accordance with clause 3.1, duly executed by the Purchaser;

(iii) the Guarantee, duly executed by Ryan Tobber; and

(iv) within 10 days from the Closing Date, a notice of change of name by the Corporation, changing the name of the Corporation from Predator Oil BC Ltd. to Ranch Energy BC Corp.

In addition, within 10 days following the Closing Date, the Purchaser shall, and shall cause the Corporation to, file a notice of change of directors and a notice of change of address of registered and records office of the Corporation and shall otherwise update the Corporate Records of the Corporation to reflect the transactions contemplated by this Agreement.

ARTICLE 9
COVENANTS OF THE PURCHASER

9.1 Directors and Officers Insurance

Following Closing, the Purchaser agrees to maintain, or cause the Corporation maintain, in effect the directors and officers liability insurance, put in place by the Corporation prior to Closing, in favour of the former directors and officers of the Corporation who are to resign on the Closing Date in accordance herewith.

ARTICLE 10
NOTICES

10.1 Notices

Any Communication must be in writing and either:

(a) delivered personally or by courier;

(b) sent by prepaid registered mail; or

(c) transmitted by facsimile, email or functionally equivalent electronic means of transmission, charges (if any) prepaid.

Any Communication must be sent to the intended recipient at such intended recipient's address as follows:

to the Shareholders at:

1080766 Alberta Ltd.
139 Mahogany Bay SE
Calgary, AB T3M 0Y2

Attention: Joel MacLeod
Telephone: 403-803-9006
Email: joel.macleod@predatoroil.com

Becam Consulting Ltd.
125 Canso Bay SW
Calgary, AB T2W 3A8

Attention: Steve Holyoake
Telephone: 587-393-6595
Email: steve.holyoake@predatoroil.com

Post Hill Energy Inc.
33 Posthill Drive SW
Calgary, AB T3H 0A8

Attention: Don Garner
Telephone: 403-819-9866
Email: don@posthillenergy.com

Greg MacDonald
Box 33, Site 6, RR# 2
Okotoks, AB T1S 1A2

Telephone: 587-393-0862
Email: greg.macdonald@predatoroil.com

to the Purchaser at:

2118469 Alberta Inc..
133 West Terrace Point
Cochrane, AB T4C 1S1

Attention: Ryan Tobber
Telephone: (403) 930-1702
Fax: (780) 402-2448
Email: ryan.tobber@opsmobil.com

to the Corporation at:

Predator Oil BC Ltd.
900, 222 – 3rd Avenue SW
Calgary, AB T2P 0B4

Attention: Greg MacDonald
Telephone: 587-393-0862
Email: greg.macdonald@predatoroil.com

or at any other address as any Party may at any time advise the other Parties by Communication given or made in accordance with this clause. Any Communication delivered to the Party to whom it is addressed will be deemed to have been given or made and received on the day it is so delivered at that Party's address, provided that if that day is not a Business Day, then the Communication will be deemed to have been given or made and received on the next Business Day. Any Communication given or made by prepaid registered mail will be deemed to have been received on the fifth Business Day after which it is so mailed. If a strike or lockout of postal employees is then in effect, or generally known to be impending, every Communication must be delivered personally or by courier or transmitted by facsimile, email or functionally equivalent electronic means of transmission. Any Communication transmitted by facsimile, email or other functionally equivalent electronic means of transmission will be deemed to have been given or made and received on the day on which it was transmitted; but if the Communication is transmitted on a day which is not a Business Day or after 4:00 p.m. (local time of the recipient), the Communication will be deemed to have been received on the next Business Day.

ARTICLE 11
MISCELLANEOUS

11.1 Release of Information

The Shareholders, the Purchaser and the Corporation shall cooperate with each other in releasing information concerning this Agreement and the transactions contemplated herein, and each of the Parties shall furnish to and discuss with the other Parties drafts of all press and other releases prior to publication, if applicable. Nothing contained herein shall prevent any Party at any time from furnishing information to any Governmental Authority or regulatory authority or to the public if required by Applicable Law.

11.2 Time

Time shall, in all respects, be of the essence in this Agreement.

11.3 Further Assurances

From time to time after the Closing Date, each Party shall, at the request of any other Party, execute and deliver such additional conveyances, transfers and other assurances as may be reasonably required to effectively transfer the Purchased Shares to the Purchaser and carry out the intent of this Agreement.

11.4 Enurement and Assignment

This Agreement shall be binding upon and shall enure to the benefit of each of the Parties and the heirs, legal personal representatives, receivers, receiver-managers, trustees, successors and permitted assigns, as the case may be, of such Party. No Party may assign its interest under this Agreement without the prior written consent of all other Parties, such consent not to be unreasonably withheld.

11.5 Expenses

Each of the Parties shall be responsible for such Party's own legal costs in relation to this Agreement, the consummation of the transactions herein and all other matters related thereto.

11.6 Confidential Information

Until immediately after the Closing, all documents and information received by the Purchaser from the Corporation, and the auditors and solicitors thereof, in respect of the Corporation shall be treated by the Purchaser as confidential information and will not be disclosed to others by the Purchaser, except to its solicitors, auditors and bankers, and except as required by Applicable Law.

11.7 Governing Law

This Agreement shall be governed by, subject to and interpreted, construed and enforced in accordance with, the laws in effect, from time to time, in the Province of Alberta and the federal laws of Canada applicable therein. Each Party irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta and all courts of appeal therefrom.

11.8 Amendment

This Agreement may be amended by mutual agreement of the Parties. This Agreement may not be amended except by an instrument in writing signed by the Parties.

11.9 Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect.

11.10 Waiver

Any of the Corporation, the Purchaser and any of the Shareholders may: (i) extend the time for the performance of any of the obligations or other acts of any other Party hereunder; (ii) waive compliance with any of the other Party's agreements contained herein, or the fulfillment of any conditions to any other Party's obligations contained herein (other than as otherwise contemplated by this Agreement); or (iii) waive inaccuracies in any other Party's representations or warranties contained herein, or in any document delivered by such other Party hereunder; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed by such Party which is granting such extension or waiver.

[Intentionally Left Blank - Signature Page Follows]

11.11 Counterpart Execution

This Agreement may be executed by facsimile, pdf scan or other electronic means and in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument.

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

1080766 ALBERTA LTD.

Per: ____________________

BECAM CONSULTING LTD.

Per: ____________________

POST HILL ENERGY INC.

Per: ____________________

Howard.

____

Witness to Greg MacDonald

____

GREG MACDONALD

2118469 ALBERTA INC.

Per: ____________________

PREDATOR OIL BC LTD.

Per: ____________________

11.11 Counterpart Execution

This Agreement may be executed by facsimile, pdf scan or other electronic means and in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument.

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

1080766 ALBERTA LTD.	**BECAM CONSULTING LTD.**
Per: ______________________	Per: ______________________
	POST HILL ENERGY INC.
	Per: ______________________
______________________	______________________
Witness to Greg MacDonald	**GREG MACDONALD**
	2118469 ALBERTA INC.
	Per: ______________________
	PREDATOR OIL BC LTD.
	Per: ______________________

SCHEDULE “A”

Intentionally Deleted

THIS IS EXHIBIT "H" REFERRED TO IN

THE AFFIDAVIT OF RYAN TOBBER

SWORN BEFORE ME

THIS 3RD DAY OF JULY, 2018

A Commissioner of Oaths
in and for the Province of Alberta

Anthony Mersich
Barrister and Solicitor

Term Sheet for Middleton Prepay to Ranch Energy Corporation

Amount:	Up to $500,000
Carrying Cost:	5%
Use of prepay:	The prepay can only be used to post a LC to acquire NOVA transportation.
Repayment:	Middleton will purchase up to 5,000 GJ/d at the AECO C daily index price. Each month Middleton will pay the amount due to Ranch for the month of delivery less carrying costs less $25,000, until such time as that the total amount of the Prepay has been recovered (20 months from the first $25,000 repayment). Middleton reserves the right to accelerate the repayment of the prepay amount in the event of a credit event or a potential credit event of Ranch.
Effective:	Upon agreement of terms and conditions.
Conditions:	Subject to agreement by Ranch banking/lending consortium of the repayment terms that will not be interrupted until the Prepay is recovered. Subject to the Prepay being secured by assets of Ranch (not sure what you can do here, as this is a request by legal). Under a separate gas management/consulting agreement, Middleton will manage all gas supply on behalf of Ranch including annually re-contracting, providing hedging recommendations, transacting hedges and acquiring transportation service as requested. The cost to provide these services will be $0.0035/GJ for all Ranch production. Any additional services required can be added at an hourly rate to be mutually agreed upon. The initial term of this agreement will be for three (3) years and renewed annually thereafter upon mutual agreement between the parties.

THIS IS THE CONFIDENTIAL EXHIBIT "I" REFERRED TO IN

THE AFFIDAVIT OF RYAN TOBBER

SWORN BEFORE ME

THIS 3RD DAY OF JULY, 2018

A Commissioner of Oaths
in and for the Province of Alberta

Anthony Mersich
Barrister and Solicitor

THIS IS THE CONFIDENTIAL EXHIBIT "J" REFERRED TO IN

THE AFFIDAVIT OF RYAN TOBBER

SWORN BEFORE ME

THIS 3RD DAY OF JULY, 2018

A Commissioner of Oaths
in and for the Province of Alberta

Anthony Mersich
Barrister and Solicitor

THIS IS THE CONFIDENTIAL EXHIBIT "K" REFERRED TO IN

THE AFFIDAVIT OF RYAN TOBBER

SWORN BEFORE ME

THIS 3RD DAY OF JULY, 2018

A Commissioner of Oaths
in and for the Province of Alberta

Anthony Mersich
Barrister and Solicitor

THIS IS EXHIBIT "L" REFERRED TO IN

THE AFFIDAVIT OF RYAN TOBBER

SWORN BEFORE ME

THIS 3RD DAY OF JULY, 2018

A Commissioner of Oaths
in and for the Province of Alberta

Anthony Mersich
Barrister and Solicitor

RANCH ENERGY

Ranch Energy Corporation
Suite 1200 - 815, 8th Avenue SW
Calgary, Alberta, T2P 3P2
P: 1-888-726-2488 (888-Ranch-88)
E: Info@ranchenergy.ca

April 5, 2018

TIDEWATER MIDSTREAM AND INFRASTRUCTURE LTD.
1500, 250 - 2 Street SW
Calgary, AB T2P 0C1

Attention: Reed McDonnell

RE: Letter of Intent - Purchase of Wildboy Sales Pipeline

This letter ("**Letter**") sets forth the general terms and conditions proposed by Ranch Energy Corporation (the "**Purchaser**") for the purchase (the "**Transaction**") of the entire right, title, estate and interest of Tidewater Midstream and Infrastructure Ltd. (the "**Vendor**") in and to its Wildboy sales pipeline from B-33-A/94-P-10 to the TCPL Bootis Hills sales tie-in point at 1-34-120-12-W6XX (the "**Asset**") in Northeast British Columbia.

1. The effective date of the Transaction shall be January 1, 2018 and the anticipated closing date shall be May 31, 2018, or such other dates as mutually agreeable between the parties.

2. The purchase price (the "**Purchase Price**") for the Asset shall be $8,000,000.

3. The parties, acting in good faith, shall use commercially reasonable efforts to negotiate and execute a purchase and sale agreement (the "**PSA**") on or before May 4, 2018 or such other date as may be mutually agreed to by the parties. The PSA shall contain the terms and conditions herein and such other terms, conditions, representations, warranties and indemnities as are customary for transactions of this nature, including approval by the National Energy Board for transfer of the pipeline license(s).

4. The Purchaser shall pay, to the Vendor, within 15 10 business days of countersignature of this Letter by the Vendor, all outstanding transportation fees up to the end of December 2017.

5. The Purchaser shall have the right, until the date of execution of the PSA or such later date as agreed upon between the parties and reflected in the PSA, to conduct due diligence, including:

    a. review all of the Vendor's records relating to the Asset, including: accounting records; financial statements; environmental reports; and sales, marketing and transportation agreements;

    b. review title to the Asset and all documents associated therewith.

6. The parties acknowledge that the Vendor and the Purchaser have entered into a Confidentiality Agreement dated February 20, 2018, which agreement shall remain in full force and effect following execution of, and shall apply in all respects to, this Letter.

7. There shall be no encumbrances of any nature relating to the Asset at closing.

8. The Vendor shall prepare for deliver at closing, mutually acceptable documentation required to transfer the Asset to the Purchaser.

9. Each party shall bear its own costs associated with this Letter (including the due diligence contemplated hereby) and the Transaction, whether or not closing of the Transaction occurs.

10. This Letter is subject to approval of:

    a. the Purchaser closing the necessary financing

    b. at the Purchaser's discretion, the pre-approval of the NEB of the transfers of all applicable permits and licenses on terms satisfactory to the Purchaser acting reasonably on or before the

N

RANCH ENERGY

Ranch Energy Corporation
Suite 1200 - 815, 8th Avenue SW
Calgary, Alberta, T2P 3P2
P: 1-888-726-2488 (888-Ranch-88)
E: Info@ranchenergy.ca

Termination Date.

11. Time is off the essence with respect to this Letter and the Transaction.

12. This Letter shall be governed and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein, without giving effect to any choice or conflict of law provision or rule (whether or the Province of Alberta or any other jurisdiction) that would cause the application of law of any jurisdiction other than those of Province of Alberta.

13. This Letter shall terminate and be of no further force and effect upon the earlier of (the "**Termination Date**"): (i) ~~execution of the PSA~~ May 31, 2018, (ii) the mutual written agreement of the Purchaser and the Vendor.

14. This Letter may be executed in counterparts and delivered electronically. Each counterpart shall be deemed to be an original and all of which together shall constitute one agreement.

If this offer letter is acceptable, please sign and return the enclosed duplicate of this letter to the undersigned by **4:00 p.m. on April 13, 2018.**

Yours very truly,

RANCH ENERGY CORPORATION

Ryan Tobber
Chief Executive Officer

ACCEPTED AND AGREED TO THIS 6 **DAY OF** April**, 2018.**

TIDEWATER MIDSTREAM AND INFRASTRUCTURE LTD.

Per:

Title: Reed McDonnell
VP, Acquisitions & JV

THIS IS EXHIBIT "M" REFERRED TO IN

THE AFFIDAVIT OF RYAN TOBBER

SWORN BEFORE ME

THIS 3RD DAY OF JULY, 2018

A Commissioner of Oaths
in and for the Province of Alberta

Anthony Mersich
Barrister and Solicitor

RANCH ENERGY

SUMMARY OF INDICATIVE TERMS AND CONDITIONS

This document describes the terms and conditions contemplated between Bull Moose Capital Ltd. (Bull Moose) and Ranch Energy Corporation (Ranch) for a compression financing transaction.

At Bull Moose our goal is to be a financial partner with competitive rates and maximum flexibility. In our program there is no bullet payment or options that force repayment at a future date. The equipment can be bought back, returned or continue on the lease program.

Ranch Energy indicative terms		
Term		5 years
Capital	$	3,000,000
Monthly payment	$	60,000
Credit to purchase		25%
Security deposit		6 months
First buyourt option		1 year

Security:

- Bull Moose to register the equipment with the PPSA of Alberta
- Bull Moose will require Third Eye Capital Corporation to execute a No Interest Letter

Additional terms and conditions:

- Automatic funds transfer
- Upon expiry equipment can be either returned, bought out, renegotiated or continue on a month to month basis
- All maintenance, insurance and regulatory costs are the responsibility of Ranch
- Subject to further due diligence
- Subject to a field inspection

BULLMOOSE CAPITAL

500, 505 - 8th Avenue SW, Calgary, AB T2P 1G2 | p. 403.234.7204 | f. 403.264.7306 | tf. 1.877.255.7204 | www.bullmoosecapital.ca

Restructuring option in 1 year:

- As Ranch strengthens its balance sheet and grows the business Bull Moose may extend more credit against the existing equipment, provide financing to other equipment and improve the existing terms and conditions on existing and additional financings
- Ranch has the option to buy back this agreement at the 1-year anniversary of the agreement

Benefits of transacting with Bull Moose:

- Simple transaction. A Purchase Sale Agreement and a Lease Agreement are all that is required
- Ability to exit easily and cost effectively early in the term (1 year)
- Flexibility at the end of the term. No bullet payment or put option
- Scalable offering to other facilities and equipment

We look forward to your feedback and discussing this opportunity further.

Regards,
Steve

Steve Kolber
President and CEO
D. (403) 695-1017
C. (403) 619-2658
skolber@bullmoosecapital.ca

THIS IS EXHIBIT "N" REFERRED TO IN

THE AFFIDAVIT OF RYAN TOBBER

SWORN BEFORE ME

THIS 3RD DAY OF JULY, 2018

A Commissioner of Oaths
in and for the Province of Alberta

Anthony Mersich
Barrister and Solicitor

Sproule

EVALUATION OF THE P&NG RESERVES OF RANCH ENERGY CORPORATION (AS OF DECEMBER 31, 2017)

sproule.com

Copies:	Ranch Energy Corporation Summary Volume (3 copies) Detailed Volume(s) (3 copies) Electronic (1 copy) Sproule (1 copy)
Project No.:	4824.90131
Prepared for:	Ranch Energy Corporation
Authors:	Jason E. Robottom, P.Eng., Project Leader Justin Henke, E.I.T. Alec Kovaltchouk, P.Geo.
Exclusivity:	This report has been prepared for the exclusive use of Ranch Energy Corporation. The distribution to and use by third parties of the Report is governed by the terms and conditions of the Engagement Agreement entered into between Sproule and Ranch Energy Corporation and by the assumptions and limitations as contained herein.

Table of Contents

VOLUME 1

Introduction

Summary

VOLUME 1 (Cont'd)

Discussion

VOLUME 1 (Cont'd)

Appendices

VOLUME 2

British Columbia

VOLUME 3

British Columbia

Introduction

This report was prepared by Sproule Associates Limited ("Sproule") at the request of Mr. Ryan Tobber, President, Ranch Energy Corporation. Ranch Energy Corporation is hereinafter referred to as "the Company". The effective date of this report is December 31, 2017, and it consists of an evaluation of the P&NG reserves of the Company's interests in British Columbia, Canada. This report was prepared in February and March 2018 for the purpose of evaluating the Company's P&NG reserves according to the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") reserve definitions that are consistent with the standards of National Instrument 51-101. This report was prepared for the Company's corporate purposes.

Sproule Niven Fischer Limited

Sproule Niven Fischer Limited, a wholly owned subsidiary of Sproule, has been retained by Ranch Energy Corporation to provide asset management services for the Wildboy and Greater Fort St. John properties. Sproule Niven Fischer and Sproule staff worked collaboratively for the purposes of preparing this report.

Evaluation Procedures

1. At the request of the Company, an after tax evaluation of the assets has not been prepared.

2. At the request of the Company, an estimate of eligible BC Infrastructure and Royalty Credit (IRC) has not been prepared.

3. The development forecast presented in this evaluation was based on capital budgets and a development program as presented by the Company under the scope of this evaluation and engagement. The development forecast presented in this report may not represent the full development potential of the lands evaluated.

4. The Company provided Sproule with revenue statements for the period September 2017 to December 2017 and budget information to determine certain economic parameters.

5. In some instances, where new development has occurred or is forecast to occur, revenue statements were not available and economic parameters have been estimated based on discussions with the Company's personnel and Sproule's experience in the area.

6. The inclusion of future drilling locations and other future capital investments required a positive before tax net present value at a 5 percent discount rate.

7. Abandonment and reclamation costs for existing wells with economic developed reserves, and future economic proposed development have been included in this report.

   Abandonment and reclamation costs for existing development and future proposed development have both been forecast at the entity level.

   In addition, the Company has identified various existing material dedicated facilities for which abandonment and reclamation costs have been included. These abandonment and reclamation costs have been included at the property level.

   This report does not include abandonment and reclamation costs associated with active producing wells, which are not economic to produce under the forecast prices utilized in this report, active service wells, inactive wells, and various active or inactive gathering and processing facilities, that the Company holds an interest in, that were not identified as being material dedicated facilities by the Company.

   No allowances for salvage were incorporated into the abandonment and reclamation costs contained in this report.

   For additional details regarding the abandonment and reclamation costs included in this report and their estimation, please refer to the abandonment and reclamation cost section located in Appendix D of this report.

8. The effect of purchase and sale agreements the Company has entered into has been included in this evaluation only when the transaction closed prior to the effective date of this report.

9. The forecasts of product prices used in this evaluation were based on Sproule's December 31, 2017 price forecasts. Further discussion is included in Appendix B.

10. For this evaluation, Sproule worked on the reserves evaluation model, Mosaic version 2016.5.2. The functionality of the program is not the responsibility of Sproule, and results were accepted as calculated by the model. Sproule's responsibility is limited to the quality of the data input and reasonableness of the outcoming results.

Report Contents

This report is included in three (3) volumes. Volume 1 consists of an Introduction, Summary, Discussion, and Appendices. The Introduction includes the summary of evaluation standards and procedures and pertinent author certificates; the Summary includes high-level summaries of the evaluation; and the Discussion includes general commentaries pertaining to the evaluation of the P&NG reserves. Reserves definitions, product price forecasts, abbreviations, units, conversion factors and general evaluation parameters are included in Appendices A, B, C, and D. The Engagement Agreement has been included as Appendix E; it presents the terms and conditions of the consulting services, and the representations and warranties of the Company. A representation letter prepared by Officers of the Company, Appendix F, confirms the accuracy, completeness and availability of data requested by and furnished to Sproule during the preparation of this report.

Volumes 2 and 3 contain detailed descriptions and evaluations for the individual properties (areas), on a property-by-property basis, including the following:

- Summary of the property evaluation;
- Summary of Pertinent Data;
- Table 1 – Well List/Reservoir Data;
- Table 2 - Summary of the estimates of proved and probable oil and natural gas reserves and net present values;
- Table 3 - Forecasts of proved and probable oil and natural gas production, revenue, and net present values, before income taxes;
- Table 4 – Entity Interests;
- Production history plots.

At the request of the Company, land plats for the individual properties have not been included in the detailed property presentations.

Field Operations

In the preparation of this evaluation, a field inspection of the properties was not performed. The relevant engineering data were made available by the Company or obtained from public sources and the non-confidential files at Sproule. No material information regarding the reserves evaluation would have been obtained by an on-site visit.

Historical Data, Interests and Burdens

1. All historical production, revenue and expense data, product prices actually received, and other data that were obtained from the Company or from public sources were accepted as represented, without any further investigation by Sproule.

2. Property descriptions, details of interests held, and well data, as supplied by the Company, were accepted as represented. No investigation was made into either the legal titles held or any operating agreements in place relating to the subject properties.

3. Lessor and overriding royalties and other burdens were obtained from the Company. No further investigation was undertaken by Sproule.

4. Sproule reserves the right to review all calculations made, referred to or included in this report and to revise the estimates as a result of erroneous data supplied by the Company or information that exists but was not made available to us, which becomes known subsequent to the preparation of this report.

Evaluation Standards

This report has been prepared by Sproule using current geological and engineering knowledge, techniques and computer software. It has been prepared within the Code of Ethics of the Association of Professional Engineers and Geoscientists of Alberta ("APEGA"). This report adheres in all material aspects to the "best practices" recommended in the COGE Handbook which are in accordance with principles and definitions established by the Calgary Chapter of the Society of Petroleum Evaluation Engineers. The COGE Handbook is incorporated by reference in National Instrument 51-101.

Evaluation Results

1. The analysis of individual entities as reported herein was conducted within the context and scope of an evaluation of a unique group of entities in aggregate. Use of this report outside of this scope may not be appropriate. The estimates of reserves and future net revenue for individual entities or properties may not reflect the same confidence level as estimates of reserves and future net revenue for all entities, due to the effects of aggregation.

2. The accuracy of reserves estimates and associated economic analysis is, in part, a function of the quality and quantity of available data and of engineering and geological interpretation and judgment. Given the data provided at the time this report was prepared, the estimates presented herein are considered reasonable. However, they should be accepted with the understanding that reservoir and financial performance subsequent to the date of the estimates may necessitate revision. These revisions may be material.

3. The net present values of the reserves presented in this report simply represent discounted future cash flow values at several discount rates. Though net present values form an integral part of fair market value estimations, without consideration for other economic criteria, they are not to be construed as Sproule's opinion of fair market value.

4. Due to rounding, certain totals may not be consistent from one presentation to the next.

BOE Cautionary Statement

BOE's (or 'McfGE's' or other applicable units of equivalency) may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 bbl (or 'An McfGE conversion ratio of 1 bbl:6 Mcf') is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Forward-Looking Statements

This report may contain forward-looking statements including expectations of future production revenues and capital expenditures. Information concerning reserves may also be deemed to be forward-looking as estimates involve the implied assessment that the reserves described can be profitably produced in the future. These statements are based on current expectations that involve a number of risks and uncertainties, which could cause actual results to differ from those anticipated. These risks include, but are not limited to: the underlying risks of the oil and gas industry (i.e., corporate commitment, regulatory approval, operational risks in development, exploration and production); potential delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserves estimations; the uncertainty of estimates and projections relating to production; costs and expenses; health, safety and environmental factors; commodity prices; and exchange rate fluctuation.

Certification

Report Preparation

The report entitled "Evaluation of the P&NG Reserves of Ranch Energy Corporation (As of December 31, 2017)" was prepared by the following Sproule personnel:

Original Signed by Jason E. Robottom, P.Eng.

Jason E. Robottom, P.Eng.
Project Leader;
Manager, Reserves Certification
12 / 03 /2018 dd/mm/yr

Original Signed by Justin Henke, E.I.T.

Justin Henke, E.I.T.
Engineer-in-Training
12 / 03 /2018 dd/mm/yr

Original Signed by Alec Kovaltchouk, P.Geo.

Alec Kovaltchouk, P.Geo.
VP, Geoscience
12 / 03 /2018 dd/mm/yr

Sproule Executive Endorsement

This report has been reviewed and endorsed by the following Executive of Sproule:

Original Signed by Cameron P. Six, P.Eng.

Cameron P. Six, P.Eng.
President and CEO
_12_/_03_/2018 dd/mm/yr

Permit to Practice

Sproule Associates Limited is a member of the Association of Professional Engineers and Geoscientists of Alberta and our permit number is P00417.

Certificate

Jason E. Robottom, P.Eng.

I, Jason E. Robottom, Manager, Reserves Certification of Sproule, 900, 140 Fourth Avenue SW, Calgary, Alberta, declare the following:

1. I hold the following degree:
   a. B.Sc. Oil and Gas Engineering (2007), University of Calgary, Calgary, Alberta, Canada
2. I am a registered Professional:
   a. Professional Engineer (P.Eng.) Province of Alberta, Canada
3. I am a member of the following professional organizations:
   a. Association of Professional Engineers and Geoscientists of Alberta (APEGA)
   b. Society of Petroleum Engineers (SPE)
   c. Society of Petroleum Evaluation Engineers (SPEE)
4. I am a qualified reserves evaluator and auditor as defined in National Instrument 51-101.
5. My contribution to the report entitled "Evaluation of the P&NG Reserves of Ranch Energy Corporation (As of December 31, 2017)" is based on my engineering knowledge and the data provided to me by the Company, from public sources, and from the non-confidential files of Sproule. I did not undertake a field inspection of the properties.
6. I have no interest, direct or indirect, nor do I expect to receive any interest, direct or indirect, in the properties described in the above-named report or in the securities of Ranch Energy Corporation.

Original Signed by Jason E. Robottom, P.Eng.

Jason E. Robottom, P.Eng.

Certificate

Justin Henke, E.I.T.

I, Justin Henke, Engineer-in-Training of Sproule, 900, 140 Fourth Avenue SW, Calgary, Alberta, declare the following:

1. I hold the following degree:
   a. B.Sc., Chemical Engineering (2015), University of Calgary, Calgary, Alberta, Canada

2. I am a registered Engineer in Training:
   a. Engineer in Training (E.I.T.) Province of Alberta, Canada

3. I am a member of the following professional organizations:
   a. Association of Professional Engineers and Geoscientists of Alberta (APEGA)
   b. Society of Petroleum Engineers (SPE)

4. My contribution to the report entitled "Evaluation of the P&NG Reserves of Ranch Energy Corporation (As of December 31, 2017)" is based on my engineering knowledge and the data provided to me by the Company, from public sources, and from the non-confidential files of Sproule. I did not undertake a field inspection of the properties.

5. I have no interest, direct or indirect, nor do I expect to receive any interest, direct or indirect, in the properties described in the above-named report or in the securities of Ranch Energy Corporation.

Original Signed by Justin Henke, E.I.T.

Justin Henke, E.I.T.

Certificate

Alec Kovaltchouk, P.Geo.

I, Alec Kovaltchouk, VP, Geoscience of Sproule, 900, 140 Fourth Avenue SW, Calgary, Alberta, declare the following:

1. I hold the following degree:
   a. M.Sc. Geochemistry (1981) University of Lviv, Lviv, Ukraine

2. I am a registered professional:
   a. Professional Geoscientist (P.Geo.), Province of Alberta, Canada

3. I am a member of the following professional organizations:
   a. Association of Professional Engineers and Geoscientists of Alberta (APEGA)
   b. Canadian Society of Petroleum Geologists (CSPG)

4. I am a qualified reserves evaluator and reserves auditor as defined in National Instrument 51-101.

5. My contribution to the report entitled "Evaluation of the P&NG Reserves of Ranch Energy Corporation (As of December 31, 2017)" is based on my geoscience knowledge and the data provided to me by the Company, from public sources, and from the non-confidential files of Sproule. I did not undertake a field inspection of the properties.

6. I have no interest, direct or indirect, nor do I expect to receive any interest, direct or indirect, in the properties described in the above-named report or in the securities of Ranch Energy Corporation.

Original Signed by Alec Kovaltchouk, P.Geo.

Alec Kovaltchouk, P.Geo.

Certificate

Cameron P. Six, P.Eng.

I, Cameron P. Six, President and CEO of Sproule, 900, 140 Fourth Avenue SW, Calgary, Alberta, declare the following:

1. I hold the following degree:
   a. B.Sc. (with Distinction) Chemical Engineering (1979) University of Calgary, Calgary AB, Canada

2. I am a registered professional:
   a. Professional Engineer (P.Eng.) Province of Alberta, Canada

3. I am a member of the following professional organizations:
   a. Association of Professional Engineers and Geoscientists of Alberta (APEGA)
   b. Society of Petroleum Engineers (SPE)

4. I am a qualified reserves evaluator and reserves auditor as defined in National Instrument 51-101.

5. My contribution to the report entitled "Evaluation of the P&NG Reserves of Ranch Energy Corporation (As of December 31, 2017)" is based on my engineering knowledge and the data provided to me by the Company, from public sources, and from the non-confidential files of Sproule. I did not undertake a field inspection of the properties.

6. I have no interest, direct or indirect, nor do I expect to receive any interest, direct or indirect, in the properties described in the above-named report or in the securities of Ranch Energy Corporation.

Original Signed by Cameron P. Six, P.Eng.

Cameron P. Six, P.Eng.

Summary

Table S-1 summarizes our evaluation, before income taxes, of the P&NG reserves of Ranch Energy Corporation, as of December 31, 2017.

The reserves definitions and ownership classification used in this evaluation are the standards defined by the COGE Handbook reserve definitions and consistent with NI 51-101. The oil reserves are presented in thousands of barrels, at stock tank conditions. The natural gas reserves are presented in millions of cubic feet, at base conditions of 14.65 psia and 60 degrees Fahrenheit.

The net present values of the reserves are presented (on a before income tax basis) in Canadian dollars and are based on annual projections of net revenue, which were discounted at various rates using the mid-period discounting method. These rates are 5, 10, 15, 20 and 25 percent and undiscounted.

The price forecasts that formed the basis for the revenue projections in the evaluation were based on Sproule's December 31, 2017 pricing model. Table S-2 presents a summary of selected forecasts.

Summary forecasts of production and net revenue for the various reserves categories are presented in Tables S-3 through S-3E, respectively.

Following Table S-3E are Figures S-1 through S-5, which are various graphs generated from the results of this evaluation.

Table S-1
Summary of the Evaluation of the P.& N.G. Reserves

Ranch Energy Corporation
Consolidated

As Of Date : 2017-12-31

	Remaining Reserves				Net Present Values Before Taxes					
	Gross 100%	Company Gross	RI Gross	Company Net	@ 0% M$	@ 5.0% M$	@ 10.0% M$	@ 15.0% M$	@ 20.0% M$	@ 25.0% M$
Light and Medium Crude Oil (MBbl)										
Proved Developed Producing	64.3	58.7	0.0	58.4	0	0	0	0	0	0
Proved Developed Non-Producing	4.1	4.1	0.0	4.0	0	0	0	0	0	0
Total Proved	68.4	62.8	0.0	62.5	0	0	0	0	0	0
Probable Developed Producing	15.0	13.6	0.0	13.6	0	0	0	0	0	0
Probable Developed Non-Producing	1.6	1.6	0.0	1.6	0	0	0	0	0	0
Total Probable	16.6	15.3	0.0	15.2	0	0	0	0	0	0
Total Proved + Probable	85.0	78.0	0.0	77.7	0	0	0	0	0	0
Conventional Natural Gas (Non Assoc. & Assoc.) (MMcf)										
Proved Developed Producing	53077	48426	0	36582	32066	32470	30609	28225	25909	23836
Proved Developed Non-Producing	3871	3871	0	3098	2223	3071	3337	3350	3255	3117
Proved Undeveloped	27269	27269	0	22923	32298	19211	10439	4551	538	-2246
Total Proved	84217	79566	0	62602	66587	54752	44384	36126	29702	24707
Probable Developed Producing	12354	11253	0	8373	15065	11161	8194	6141	4739	3766
Probable Developed Non-Producing	1568	1568	0	1238	3176	2744	2302	1937	1650	1425
Probable Undeveloped	18681	18681	0	15809	51341	33813	23952	18063	14297	11734
Total Probable	32603	31502	0	25420	69581	47718	34449	26141	20686	16926
Total Proved + Probable	116820	111068	0	88022	136168	102471	78833	62267	50388	41633
Grand Total (MBoe) - BTax (M$)										
Proved Developed Producing	8910.5	8129.7	0.0	6155.4	32066	32470	30609	28225	25909	23836
Proved Developed Non-Producing	649.2	649.2	0.0	520.3	2223	3071	3337	3350	3255	3117
Proved Undeveloped	4544.8	4544.8	0.0	3820.4	32298	19211	10439	4551	538	-2246
Total Proved	14104.6	13323.7	0.0	10496.1	66587	54752	44384	36126	29702	24707
Probable Developed Producing	2074.0	1889.2	0.0	1409.1	15065	11161	8194	6141	4739	3766
Probable Developed Non-Producing	263.0	263.0	0.0	208.0	3176	2744	2302	1937	1650	1425
Probable Undeveloped	3113.4	3113.4	0.0	2634.8	51341	33813	23952	18063	14297	11734
Total Probable	5450.5	5265.7	0.0	4251.9	69581	47718	34449	26141	20686	16926
Total Proved + Probable	19555.0	18589.4	0.0	14748.0	136168	102471	78833	62267	50388	41633

Note: Related product revenues are included with the primary product NPV's (Solution Gas w/Oil, NGL and Sulphur with Oil and Gas)

Table S-2
Summary of Selected Canadian Price Forecasts(1)
(Effective December 31, 2017)

Year	Canadian(2) Light Sweet Crude 40° API ($Cdn/bbl)	Western(4) Canada Select 20.5 API ($Cdn/bbl)	Alberta AECO-C Spot ($Cdn/MMBtu)	Edmonton Pentanes Plus ($Cdn/bbl)	Edmonton Butane(3) ($Cdn/bbl)	Edmonton Propane(3) ($Cdn/bbl)
Historical						
2013	93.27	74.93	3.13	105.48	69.88	38.37
2014	93.99	81.06	4.50	102.39	68.02	44.42
2015	57.45	44.83	2.70	61.45	36.81	6.17
2016	52.80	38.89	2.18	55.71	34.32	13.60
2017	61.84	48.78	2.20	67.21	44.11	28.77
Forecast						
2018	65.44	51.05	2.85	67.72	48.73	26.06
2019	74.51	59.61	3.11	75.61	55.49	32.84
2020	78.24	64.94	3.65	78.82	57.65	35.41
2021	82.45	68.43	3.80	82.35	60.12	37.85
2022	84.10	69.80	3.95	84.07	61.32	39.29
2023	85.78	71.20	4.05	85.82	62.55	40.25
2024	87.49	72.62	4.15	87.61	63.80	41.23
2025	89.24	74.07	4.25	89.43	65.07	42.23
2026	91.03	75.55	4.36	91.29	66.37	43.26
2027	92.85	77.06	4.46	93.19	67.70	44.30
2028	94.71	78.61	4.57	95.12	69.06	45.36
Escalation rate of 2.0% thereafter						

(1) This summary table identifies benchmark reference pricing schedules that might apply to a reporting issuer. See Appendix B for more details.

(2) Edmonton Par Prior to 2014.

(3) Source Change 2013-01.

(4) Source Change 2013-07.

Notes:

Product sale prices will reflect these reference prices with further adjustments for quality and transportation to point of sale.

Table S-3
Summary of Reserves and Net Present Values

Ranch Energy Corporation
Consolidated
Total Proved + Probable

Production Start : 2018-01-01
As Of Date : 2017-12-31

	Lt Med Oil	Heavy Oil	Bitumen	Synthetic	Tight Oil	Solution Gas	Non-Assoc Assoc Gas	CBM	Shale Gas	Ethane	Propane	Butane	Pentane Plus	Total NGL	Sulphur	Equiv. Oil
	MBbl	MBbl	MBbl	MBbl	MBbl	MMcf	MMcf	MMcf	MMcf	MBbl	MBbl	MBbl	MBbl	MBbl	MLt	MBoe
Gross	85.0	0.0	0.0	0.0	0.0	0	116820	0	0	0.0	0.0	0.0	0.0	0.0	0.0	19555.0
Co. Gr.	78.0	0.0	0.0	0.0	0.0	0	111068	0	0	0.0	0.0	0.0	0.0	0.0	0.0	18589.4
Co. Net	77.7	0.0	0.0	0.0	0.0	0	88022	0	0	0.0	0.0	0.0	0.0	0.0	0.0	14748.0

Year	Oil Comp. Gross	Gas Comp. Gross	BOE Comp. Gross	Oil Revenue	Gas Revenue	Other Revenue	Total Revenue	Total Crown	Non-Crown	Total Royalty	Royalty	Opex	Other Exp.	Total Expenses	Total Capital	Aband. & Reclaim.	BTax Cash Flow
	bbl/d	Mcf/d	boe/d	M$	M$	M$	M$	M$	M$	M$	%	M$	M$	M$	M$	M$	M$
2018	32.3	29558	4958.6	754.1	22979.9	0.0	23734.0	660.6	41.3	702.0	3.0	6315.3	4080.0	10395.3	9005.0	0.0	3631.7
2019	27.4	33909	5678.9	673.9	30570.9	0.0	31244.8	1699.8	40.1	1739.9	5.6	6400.5	4161.6	10562.1	21930.0	0.0	-2987.2
2020	23.0	32645	5463.8	588.9	34529.6	0.0	35118.5	2546.1	39.9	2586.0	7.4	6134.5	4244.8	10379.3	0.0	0.0	22153.2
2021	19.7	27241	4559.8	532.0	31618.1	0.0	32150.1	2625.0	38.3	2663.3	8.3	5685.3	4329.7	10015.0	0.0	0.0	19471.9
2022	17.0	23449	3925.0	471.7	28842.8	0.0	29314.6	2490.3	36.9	2527.2	8.6	5241.3	4416.3	9657.6	0.0	0.0	17129.8
2023	14.7	20578	3444.3	420.8	25987.4	0.0	26408.1	2238.0	35.7	2273.8	8.6	4892.9	4504.6	9397.6	0.0	353.3	14383.5
2024	12.8	18159	3039.3	377.7	23594.0	0.0	23971.7	2028.9	34.8	2063.7	8.6	4497.7	4594.7	9092.4	0.0	1081.1	11734.5
2025	11.2	16113	2696.8	339.1	21349.3	0.0	21688.4	1829.3	33.6	1862.9	8.6	4127.8	4686.6	8814.5	0.0	1837.9	9173.2
2026	9.8	14361	2403.3	305.7	19499.2	0.0	19805.0	1672.2	31.4	1703.7	8.6	3783.2	3186.9	6970.1	1593.5	1312.3	8225.5
2027	8.9	12999	2175.4	281.4	18030.2	0.0	18311.7	1536.1	30.5	1566.5	8.6	3673.9	3250.7	6924.6	0.0	1147.3	8673.2
2028	8.0	11768	1969.3	259.1	16754.1	0.0	17013.2	1422.3	29.7	1452.0	8.5	3522.4	3315.7	6838.1	0.0	1365.3	7357.9
2029	7.1	10577	1769.9	233.7	15365.3	0.0	15599.1	1304.4	28.8	1333.2	8.5	3226.0	3382.0	6607.9	0.0	1392.6	6265.3
2030	6.2	9450	1581.2	210.2	14037.9	0.0	14248.1	1193.7	28.0	1221.7	8.6	2870.3	3449.6	6319.9	0.0	1558.7	5147.7
2031	5.7	8678	1452.1	197.7	13145.7	0.0	13343.4	1109.4	27.2	1136.6	8.5	2838.4	3518.6	6357.0	0.0	414.0	5435.8
2032	5.1	7883	1319.0	181.7	12204.6	0.0	12386.2	1028.5	26.5	1055.0	8.5	2632.2	3589.0	6221.2	0.0	633.3	4476.6
2033	4.7	7215	1207.1	168.0	11375.8	0.0	11543.8	958.6	25.7	984.3	8.5	2489.0	2440.5	4929.5	1220.7	1292.7	3116.5
2034	0.0	3105	517.6	0.0	4998.7	0.0	4998.7	299.9	0.0	299.9	6.0	302.0	2489.3	2791.4	0.0	1317.9	589.6
2035	0.0	2878	479.7	0.0	4727.1	0.0	4727.1	283.6	0.0	283.6	6.0	294.1	2539.1	2833.2	0.0	224.0	1386.2
2036	0.0	2671	445.2	0.0	4497.6	0.0	4497.6	269.9	0.0	269.9	6.0	287.5	2589.9	2877.4	0.0	991.7	358.6
2037	0.0	2484	414.0	0.0	4260.9	0.0	4260.9	255.7	0.0	255.7	6.0	280.9	2641.7	2922.5	0.0	699.3	383.4
Sub Total				5995.8	358369.3	0.0	364365.1	27452.4	528.5	27980.8		69495.2	71411.4	140906.7	33749.2	15621.4	146107.0
9 Years				0.0	15112.4	0.0	15112.4	906.7	0.0	906.7		1075.2	11105.7	12180.9	0.0	11963.4	-9938.7
Total				5995.8	373481.7	0.0	379477.5	28359.1	528.5	28887.6		70570.4	82517.2	153087.6	33749.2	27584.9	136168.3
Discount	5%			4596.8	264779.6	0.0	269376.4	19770.0	379.4	20149.5		51537.7	51588.0	103125.7	30866.3	12764.4	102470.5
Discount	10%			3702.3	201608.6	0.0	205310.9	14708.9	288.9	14997.8		40008.7	36043.0	76051.7	28712.3	6715.8	78833.2
Discount	12%			3433.4	183566.1	0.0	186999.5	13256.7	262.6	13519.3		36651.1	31988.1	68639.2	27981.4	5347.5	71512.2
Discount	15%			3097.3	161597.6	0.0	164694.9	11487.3	230.6	11717.9		32526.8	27298.3	59825.1	26987.3	3898.0	62266.6
Discount	18%			2823.4	144177.4	0.0	147000.8	10085.6	205.2	10290.9		29231.1	23777.3	53008.4	26092.0	2917.1	54692.4
Discount	20%			2667.8	134470.4	0.0	137138.2	9306.3	191.1	9497.4		27386.2	21891.9	49278.1	25540.3	2434.7	50387.7
Discount	25%			2350.3	115066.2	0.0	117416.5	7755.4	163.1	7918.5		23683.6	18286.3	41969.9	24288.9	1606.2	41632.9

Reserve Life	Reserve Half Life	Reserve Life Index	Before Tax Payout	First Year Co Gr. Operating Costs
24.0 years	4.8 years	11.8	1.0 years	$/BOE 3.49

Table S-3A
Summary of Reserves and Net Present Values

Ranch Energy Corporation
Consolidated
Total Proved

Production Start : 2018-01-01
As Of Date : 2017-12-31

	Lt Med Oil	Heavy Oil	Bitumen	Synthetic	Tight Oil	Solution Gas	Non-Assoc Assoc Gas	CBM	Shale Gas	Ethane	Propane	Butane	Pentane Plus	Total NGL	Sulphur	Equiv. Oil
	MBbl	MBbl	MBbl	MBbl	MBbl	MMcf	MMcf	MMcf	MMcf	MBbl	MBbl	MBbl	MBbl	MBbl	MLt	MBoe
Gross	68.4	0.0	0.0	0.0	0.0	0	84217	0	0	0.0	0.0	0.0	0.0	0.0	0.0	14104.6
Co. Gr.	62.8	0.0	0.0	0.0	0.0	0	79566	0	0	0.0	0.0	0.0	0.0	0.0	0.0	13323.7
Co. Net	62.5	0.0	0.0	0.0	0.0	0	62602	0	0	0.0	0.0	0.0	0.0	0.0	0.0	10496.1

Year	Oil Comp. Gross	Gas Comp. Gross	BOE Comp. Gross	Oil Revenue	Gas Revenue	Other Revenue	Total Revenue	Total Crown	Non-Crown	Total Royalty	Royalty	Opex	Other Exp.	Total Expenses	Total Capital	Aband. & Reclaim.	BTax Cash Flow
	bbl/d	Mcf/d	boe/d	M$	M$	M$	M$	M$	M$	M$	%	M$	M$	M$	M$	M$	M$
2018	31.3	27824	4668.7	731.2	21632.1	0.0	22363.2	621.2	40.4	661.6	3.0	6099.2	4080.0	10179.2	8990.0	0.0	2532.5
2019	25.6	28799	4825.4	629.1	25963.7	0.0	26592.8	1441.0	37.1	1478.1	5.6	5886.3	4161.6	10047.9	21930.0	0.0	-6863.3
2020	20.9	26490	4436.0	535.1	28020.0	0.0	28555.2	2113.1	36.4	2149.5	7.5	5508.4	4244.8	9753.3	0.0	0.0	16652.4
2021	17.5	21833	3656.3	472.0	25341.2	0.0	25813.2	2160.5	35.4	2195.9	8.5	5061.6	4329.7	9391.4	0.0	0.0	14225.9
2022	14.7	18478	3094.3	408.3	22728.5	0.0	23136.8	2015.0	34.9	2049.9	8.9	4607.7	4416.3	9024.0	0.0	0.0	12062.9
2023	12.3	15818	2648.7	351.8	19976.8	0.0	20328.7	1766.7	33.4	1800.0	8.9	4116.0	4504.6	8620.6	0.0	883.3	9024.7
2024	10.6	13823	2314.4	312.8	17960.1	0.0	18272.9	1577.4	32.0	1609.5	8.8	3866.9	3063.2	6930.0	1531.6	1621.7	6580.1
2025	9.1	12043	2016.1	274.2	15955.7	0.0	16229.9	1394.0	29.3	1423.4	8.8	3491.3	3124.4	6615.7	0.0	2021.7	6169.2
2026	7.8	10560	1767.8	243.3	14338.1	0.0	14581.4	1246.6	28.1	1274.7	8.7	3239.1	3186.9	6426.0	0.0	1499.7	5381.0
2027	6.7	9237	1546.2	213.0	12812.0	0.0	13024.9	1107.8	26.8	1134.6	8.7	2902.3	3250.7	6152.9	0.0	1720.9	4016.5
2028	5.8	8160	1365.9	188.7	11618.4	0.0	11807.0	1001.0	25.7	1026.7	8.7	2649.3	3315.7	5965.0	0.0	780.2	4035.2
2029	5.1	7257	1214.6	167.6	10542.6	0.0	10710.2	904.3	24.6	928.9	8.7	2440.4	3382.0	5822.4	0.0	1329.2	2629.7
2030	4.5	6509	1089.2	151.2	9668.8	0.0	9820.0	824.1	23.5	847.6	8.6	2311.0	2299.7	4610.7	1150.3	1014.6	2196.8
2031	0.0	2580	430.0	0.0	3908.3	0.0	3908.3	234.5	0.0	234.5	6.0	254.9	2345.7	2600.6	0.0	1449.5	-376.4
2032	0.0	2372	395.3	0.0	3671.8	0.0	3671.8	220.3	0.0	220.3	6.0	248.3	2392.7	2640.9	0.0	1055.6	-245.0
2033	0.0	2185	364.1	0.0	3444.7	0.0	3444.7	206.7	0.0	206.7	6.0	241.8	2440.5	2682.3	0.0	719.2	-163.5
2034	0.0	2016	336.1	0.0	3245.8	0.0	3245.8	194.7	0.0	194.7	6.0	236.6	2489.3	2725.9	0.0	439.3	-114.1
2035	0.0	1865	310.8	0.0	3062.9	0.0	3062.9	183.8	0.0	183.8	6.0	232.0	2539.1	2771.1	0.0	7478.0	-7369.9
2036	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2037	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sub Total				4678.2	253891.5	0.0	258569.7	19212.6	407.8	19620.4		53392.9	59567.0	112959.9	33601.9	22012.8	70374.7
3 Years				0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	3787.7	-3787.7
Total				4678.2	253891.5	0.0	258569.7	19212.6	407.8	19620.4		53392.9	59567.0	112959.9	33601.9	25800.5	66587.0
Discount	5%			3771.7	193048.6	0.0	196820.3	14299.0	311.0	14610.0		41430.6	41699.0	83129.7	30966.2	13362.0	54752.4
Discount	10%			3147.6	153809.9	0.0	156957.5	11111.2	247.2	11358.4		33512.7	31255.4	64768.1	28883.9	7563.2	44384.0
Discount	12%			2951.7	141949.7	0.0	144901.4	10146.6	227.7	10374.3		31086.6	28291.8	59378.5	28160.1	6153.2	40835.4
Discount	15%			2700.3	127068.9	0.0	129769.2	8937.2	203.3	9140.5		28021.5	24711.1	52732.6	27164.9	4605.6	36125.5
Discount	18%			2490.0	114905.7	0.0	117395.7	7950.8	183.3	8134.1		25499.2	21902.9	47402.1	26260.9	3520.8	32077.7
Discount	20%			2368.2	107983.0	0.0	110351.2	7390.9	172.0	7562.9		24057.2	20353.8	44410.9	25701.1	2974.1	29702.1
Discount	25%			2113.9	93825.3	0.0	95939.2	6251.2	148.9	6400.2		21094.5	17298.7	38393.2	24426.8	2012.2	24706.9

Reserve Life	Reserve Half Life	Reserve Life Index	Before Tax Payout	First Year Co Gr. Operating Costs
18.0 years	3.8 years	8.5	2.0 years	$/BOE 3.58

Table S-3B

Summary of Reserves and Net Present Values

Ranch Energy Corporation
Consolidated
Proved Developed Producing

Production Start : 2018-01-01
As Of Date : 2017-12-31

	Lt Med Oil	Heavy Oil	Bitumen	Synthetic	Tight Oil	Solution Gas	Non-Assoc Assoc Gas	CBM	Shale Gas	Ethane	Propane	Butane	Pentane Plus	Total NGL	Sulphur	Equiv. Oil
	MBbl	MBbl	MBbl	MBbl	MBbl	MMcf	MMcf	MMcf	MMcf	MBbl	MBbl	MBbl	MBbl	MBbl	MLt	MBoe
Gross	64.3	0.0	0.0	0.0	0.0	0	53077	0	0	0.0	0.0	0.0	0.0	0.0	0.0	8910.5
Co. Gr.	58.7	0.0	0.0	0.0	0.0	0	48426	0	0	0.0	0.0	0.0	0.0	0.0	0.0	8129.7
Co. Net	58.4	0.0	0.0	0.0	0.0	0	36582	0	0	0.0	0.0	0.0	0.0	0.0	0.0	6155.4

Year	Oil Comp. Gross	Gas Comp. Gross	BOE Comp. Gross	Oil Revenue	Gas Revenue	Other Revenue	Total Revenue	Total Crown	Non-Crown	Total Royalty	Royalty	Opex	Other Exp.	Total Expenses	Total Capital	Aband. & Reclaim.	BTax Cash Flow
	bbl/d	Mcf/d	boe/d	M$	M$	M$	M$	M$	M$	M$	%	M$	M$	M$	M$	M$	M$
2018	28.3	23322	3915.2	660.4	18131.4	0.0	18791.7	522.9	33.3	556.2	3.0	5528.1	4080.0	9608.1	0.0	0.0	8627.5
2019	23.2	19158	3216.2	571.5	17271.9	0.0	17843.4	961.2	32.3	993.5	5.6	4989.3	4161.6	9150.9	0.0	0.0	7699.0
2020	19.4	16039	2692.7	497.2	16965.4	0.0	17462.6	1430.4	34.7	1465.1	8.4	4620.4	4244.8	8865.2	0.0	0.0	7132.3
2021	16.5	13579	2279.7	444.6	15761.6	0.0	16206.2	1561.1	35.4	1596.5	9.9	4328.8	4329.7	8658.6	0.0	0.0	5951.1
2022	13.9	11498	1930.3	387.8	14143.4	0.0	14531.2	1479.5	34.9	1514.4	10.4	3975.0	2944.2	6919.2	1472.1	0.0	4625.5
2023	11.8	9702	1628.8	335.8	12252.6	0.0	12588.4	1289.3	33.4	1322.7	10.5	3548.9	3003.1	6552.0	0.0	706.6	4007.0
2024	10.2	8377	1406.4	299.4	10884.8	0.0	11184.2	1144.0	32.0	1176.1	10.5	3341.0	3063.2	6404.1	0.0	1081.1	2522.9
2025	8.7	7168	1203.4	263.0	9497.5	0.0	9760.5	1001.0	29.3	1030.3	10.6	3003.3	3124.4	6127.7	0.0	918.9	1683.6
2026	7.6	6230	1045.9	234.5	8459.5	0.0	8694.0	889.7	28.1	917.8	10.6	2827.5	3186.9	6014.4	0.0	937.3	824.4
2027	6.5	5331	894.9	204.9	7393.9	0.0	7598.8	780.3	26.8	807.2	10.6	2512.9	2167.1	4680.0	1083.9	1338.5	-310.8
2028	5.6	4616	775.0	181.7	6572.6	0.0	6754.3	696.1	25.7	721.9	10.7	2287.6	2210.4	4498.0	0.0	585.1	949.3
2029	4.9	4023	675.3	161.2	5844.0	0.0	6005.1	621.1	24.6	645.7	10.8	2089.9	2254.7	4344.5	0.0	1130.3	-115.4
2030	4.3	3549	595.8	145.2	5272.4	0.0	5417.7	559.6	23.5	583.2	10.8	1969.7	2299.7	4269.4	0.0	405.8	159.3
2031	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1242.5	-1242.5
2032	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	844.5	-844.5
2033	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	719.2	-719.2
2034	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	439.3	-439.3
2035	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8444.1	-8444.1
Total				4387.2	148451.0	0.0	152838.2	12936.2	394.2	13330.4		45022.4	41069.9	86092.3	2556.1	18793.4	32066.0
Discount 5%				3524.3	117717.3	0.0	121241.5	9844.0	298.1	10142.1		35285.4	31648.1	66933.5	1864.0	9831.7	32470.2
Discount 10%				2931.7	96710.5	0.0	99642.1	7759.9	234.9	7994.8		28728.7	25384.5	54113.2	1397.3	5526.4	30608.5
Discount 12%				2745.9	90150.0	0.0	92895.8	7116.1	215.7	7331.8		26701.6	23465.0	50166.7	1253.7	4473.7	29670.1
Discount 15%				2507.9	81768.8	0.0	84276.7	6300.2	191.6	6491.8		24128.6	21042.6	45171.2	1072.5	3316.6	28224.6
Discount 18%				2309.0	74789.5	0.0	77098.5	5627.5	171.9	5799.4		22001.7	19053.3	41055.0	924.3	2509.1	26810.7
Discount 20%				2194.0	70763.9	0.0	72957.9	5242.8	160.8	5403.6		20782.0	17918.6	38700.6	840.1	2104.8	25908.8
Discount 25%				1954.2	62408.6	0.0	64362.8	4453.8	138.2	4592.0		18268.3	15595.7	33864.0	669.7	1400.9	23836.1

Reserve Life	Reserve Half Life	Reserve Life Index	First Year Co Gr. Operating Costs
13.0 years	2.9 years	5.2	$/BOE 3.87

Table 5-3C
Summary of Reserves and Net Present Values

Ranch Energy Corporation
Consolidated
Proved Developed Non-Producing

Production Start : 2018-04-01
As Of Date : 2017-12-31

	Lt Med Oil	Heavy Oil	Bitumen	Synthetic	Tight Oil	Solution Gas	Non-Assoc Assoc Gas	CBM	Shale Gas	Ethane	Propane	Butane	Pentane Plus	Total NGL	Sulphur	Equiv. Oil
	MBbl	MBbl	MBbl	MBbl	MBbl	MMcf	MMcf	MMcf	MMcf	MBbl	MBbl	MBbl	MBbl	MBbl	MLt	MBoe
Gross	4.1	0.0	0.0	0.0	0.0	0	3871	0	0	0.0	0.0	0.0	0.0	0.0	0.0	649.2
Co. Gr.	4.1	0.0	0.0	0.0	0.0	0	3871	0	0	0.0	0.0	0.0	0.0	0.0	0.0	649.2
Co. Net	4.0	0.0	0.0	0.0	0.0	0	3098	0	0	0.0	0.0	0.0	0.0	0.0	0.0	520.3

Year	Oil Comp. Gross	Gas Comp. Gross	BOE Comp. Gross	Oil Revenue	Gas Revenue	Other Revenue	Total Revenue	Total Crown	Non-Crown	Total Royalty	Royalty	Opex	Other Exp.	Total Expenses	Total Capital	Aband. & Reclaim.	BTax Cash Flow
	bbl/d	Mcf/d	boe/d	M$	M$	M$	M$	M$	M$	M$	%	M$	M$	M$	M$	M$	M$
2018	3.6	3125	524.4	70.8	2036.5	0.0	2107.3	55.5	7.1	62.6	3.0	476.6	0.0	476.6	390.0	0.0	1178.1
2019	2.3	2312	387.7	57.7	2084.4	0.0	2142.0	103.6	4.8	108.4	5.1	514.5	0.0	514.5	0.0	0.0	1519.1
2020	1.5	1494	250.5	37.9	1580.3	0.0	1618.2	114.3	1.7	115.9	7.2	391.4	0.0	391.4	0.0	0.0	1110.8
2021	1.0	1038	174.0	27.4	1204.7	0.0	1232.1	96.9	0.0	96.9	7.9	308.3	0.0	308.3	0.0	0.0	826.9
2022	0.7	759	127.2	20.5	933.2	0.0	953.7	76.4	0.0	76.4	8.0	246.8	0.0	246.8	0.0	0.0	630.5
2023	0.6	581	97.3	16.0	733.3	0.0	749.3	57.9	0.0	57.9	7.7	206.6	0.0	206.6	0.0	176.7	308.2
2024	0.5	465	78.0	13.3	604.6	0.0	618.0	45.2	0.0	45.2	7.3	185.0	0.0	185.0	0.0	540.6	-152.8
2025	0.4	379	63.5	11.2	501.8	0.0	513.0	35.7	0.0	35.7	7.0	165.3	0.0	165.3	0.0	1102.7	-790.8
2026	0.3	258	43.3	8.8	350.8	0.0	359.6	25.2	0.0	25.2	7.0	104.2	0.0	104.2	0.0	562.4	-332.2
2027	0.3	209	35.1	8.0	289.8	0.0	297.8	19.7	0.0	19.7	6.6	95.4	0.0	95.4	0.0	382.4	-199.8
2028	0.2	177	29.8	7.0	252.5	0.0	259.5	17.3	0.0	17.3	6.7	79.1	0.0	79.1	0.0	195.0	-31.9
2029	0.2	161	27.0	6.5	234.0	0.0	240.5	15.4	0.0	15.4	6.4	78.7	0.0	78.7	0.0	198.9	-52.5
2030	0.2	147	24.6	6.0	217.9	0.0	223.9	13.7	0.0	13.7	6.1	78.5	0.0	78.5	0.0	608.8	-477.1
2031	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	207.0	-207.0
2032	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	211.1	-211.1
2033	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2034	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2035	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	896.2	-896.2
Total				291.0	11023.9	0.0	11314.9	676.6	13.6	690.2		2930.4	0.0	2930.4	390.0	5081.8	2222.5
Discount 5%				247.4	9252.3	0.0	9499.7	552.3	12.9	565.2		2417.7	0.0	2417.7	385.8	3059.7	3071.3
Discount 10%				216.0	7975.3	0.0	8191.3	463.2	12.3	475.4		2054.9	0.0	2054.9	381.9	1942.5	3336.7
Discount 12%				205.8	7561.4	0.0	7767.2	434.4	12.0	446.4		1938.7	0.0	1938.7	380.3	1640.0	3361.7
Discount 15%				192.5	7019.5	0.0	7212.0	396.9	11.7	408.6		1787.9	0.0	1787.9	378.1	1287.3	3350.1
Discount 18%				181.0	6555.1	0.0	6736.1	364.9	11.4	376.3		1659.8	0.0	1659.8	376.0	1023.1	3300.9
Discount 20%				174.2	6280.9	0.0	6455.1	346.2	11.2	357.4		1584.7	0.0	1584.7	374.6	883.4	3255.2
Discount 25%				159.7	5694.6	0.0	5854.3	306.3	10.7	317.1		1425.5	0.0	1425.5	371.2	623.8	3116.6

Reserve Life	Reserve Half Life	Reserve Life Index	First Year Co Gr. Operating Costs
12.8 years	1.8 years	2.4	$/BOE 3.06

Table 5-3D
Summary of Reserves and Net Present Values

Ranch Energy Corporation
Consolidated
Proved Undeveloped

Production Start : 2018-07-01
As Of Date : 2017-12-31

	Lt Med Oil	Heavy Oil	Bitumen	Synthetic	Tight Oil	Solution Gas	Non-Assoc Assoc Gas	CBM	Shale Gas	Ethane	Propane	Butane	Pentane Plus	Total NGL	Sulphur	Equiv. Oil
	MBbl	MBbl	MBbl	MBbl	MBbl	MMcf	MMcf	MMcf	MMcf	MBbl	MBbl	MBbl	MBbl	MBbl	MLt	MBoe
Gross	0.0	0.0	0.0	0.0	0.0	0	27269	0	0	0.0	0.0	0.0	0.0	0.0	0.0	4544.8
Co. Gr.	0.0	0.0	0.0	0.0	0.0	0	27269	0	0	0.0	0.0	0.0	0.0	0.0	0.0	4544.8
Co. Net	0.0	0.0	0.0	0.0	0.0	0	22923	0	0	0.0	0.0	0.0	0.0	0.0	0.0	3820.4

Year		Oil Comp. Gross	Gas Comp. Gross	BOE Comp. Gross	Oil Revenue	Gas Revenue	Other Revenue	Total Revenue	Total Crown	Non-Crown	Total Royalty	Royalty	Opex	Other Exp.	Total Expenses	Total Capital	Aband. & Reclaim.	BTax Cash Flow
		bbl/d	Mcf/d	boe/d	M$	M$	M$	M$	M$	M$	M$	%	M$	M$	M$	M$	M$	M$
2018		0.0	3212	535.4	0.0	1464.2	0.0	1464.2	42.8	0.0	42.8	2.9	94.5	0.0	94.5	8600.0	0.0	-7273.1
2019		0.0	7329	1221.5	0.0	6607.3	0.0	6607.3	376.3	0.0	376.3	5.7	382.5	0.0	382.5	21930.0	0.0	-16081.4
2020		0.0	8957	1492.9	0.0	9474.4	0.0	9474.4	568.5	0.0	568.5	6.0	496.7	0.0	496.7	0.0	0.0	8409.2
2021		0.0	7215	1202.6	0.0	8374.9	0.0	8374.9	502.5	0.0	502.5	6.0	424.5	0.0	424.5	0.0	0.0	7447.9
2022		0.0	6221	1036.8	0.0	7651.9	0.0	7651.9	459.1	0.0	459.1	6.0	385.9	1472.1	1858.0	-1472.1	0.0	6806.9
2023		0.0	5536	922.6	0.0	6991.0	0.0	6991.0	419.5	0.0	419.5	6.0	360.4	1501.5	1862.0	0.0	0.0	4709.5
2024		0.0	4980	830.0	0.0	6470.7	0.0	6470.7	388.2	0.0	388.2	6.0	340.9	0.0	340.9	1531.6	0.0	4209.9
2025		0.0	4496	749.3	0.0	5956.4	0.0	5956.4	357.4	0.0	357.4	6.0	322.7	0.0	322.7	0.0	0.0	5276.4
2026		0.0	4071	678.5	0.0	5527.8	0.0	5527.8	331.7	0.0	331.7	6.0	307.3	0.0	307.3	0.0	0.0	4888.8
2027		0.0	3697	616.2	0.0	5128.3	0.0	5128.3	307.7	0.0	307.7	6.0	293.9	1083.6	1377.5	-1083.9	0.0	4527.1
2028		0.0	3367	561.1	0.0	4793.2	0.0	4793.2	287.6	0.0	287.6	6.0	282.6	1105.2	1387.9	0.0	0.0	3117.8
2029		0.0	3073	512.2	0.0	4464.6	0.0	4464.6	267.9	0.0	267.9	6.0	271.8	1127.3	1399.1	0.0	0.0	2797.6
2030		0.0	2813	468.8	0.0	4178.4	0.0	4178.4	250.7	0.0	250.7	6.0	262.8	0.0	262.8	1150.3	0.0	2514.7
2031		0.0	2580	430.0	0.0	3908.3	0.0	3908.3	234.5	0.0	234.5	6.0	254.9	2345.7	2600.6	0.0	0.0	1073.2
2032		0.0	2372	395.3	0.0	3671.8	0.0	3671.8	220.3	0.0	220.3	6.0	248.3	2392.7	2640.9	0.0	0.0	810.6
2033		0.0	2185	364.1	0.0	3444.7	0.0	3444.7	206.7	0.0	206.7	6.0	241.8	2440.5	2682.3	0.0	0.0	555.7
2034		0.0	2016	336.1	0.0	3245.8	0.0	3245.8	194.7	0.0	194.7	6.0	236.6	2489.3	2725.9	0.0	0.0	325.2
2035		0.0	1865	310.8	0.0	3062.9	0.0	3062.9	183.8	0.0	183.8	6.0	232.0	2539.1	2771.1	0.0	-1862.3	1970.4
2036		0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2037		0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sub Total					0.0	94416.6	0.0	94416.6	5599.8	0.0	5599.8		5440.1	18497.1	23937.2	30655.8	-1862.3	36086.1
3 Years					0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	3787.7	-3787.7
Total					0.0	94416.6	0.0	94416.6	5599.8	0.0	5599.8		5440.1	18497.1	23937.2	30655.8	1925.3	32298.5
Discount	5%				0.0	66079.0	0.0	66079.0	3902.7	0.0	3902.7		3727.5	10050.9	13778.4	28716.5	470.6	19210.9
Discount	10%				0.0	49124.1	0.0	49124.1	2888.2	0.0	2888.2		2729.1	5870.9	8600.0	27104.8	92.3	10438.8
Discount	12%				0.0	44238.3	0.0	44238.3	2596.1	0.0	2596.1		2446.3	4826.8	7273.1	26526.1	39.4	7803.6
Discount	15%				0.0	38280.5	0.0	38280.5	2240.1	0.0	2240.1		2105.0	3668.5	5773.5	25714.3	1.8	4550.8
Discount	18%				0.0	33561.1	0.0	33561.1	1958.4	0.0	1958.4		1837.8	2849.6	4687.4	24960.7	-11.4	1966.1
Discount	20%				0.0	30938.1	0.0	30938.1	1801.9	0.0	1801.9		1690.5	2435.2	4125.7	24486.4	-14.0	538.1
Discount	25%				0.0	25722.1	0.0	25722.1	1491.1	0.0	1491.1		1400.6	1703.0	3103.7	23385.8	-12.5	-2245.9

Reserve Life	Reserve Half Life	Reserve Life Index	Before Tax Payout	First Year Co Gr. Operating Costs
17.5 years	5.4 years	17.8	4.9 years	$/BOE 0.84

Table S-3E
Summary of Reserves and Net Present Values

Ranch Energy Corporation
Consolidated
Total Probable

Production Start : 2018-01-01
As Of Date : 2017-12-31

	Lt Med Oil	Heavy Oil	Bitumen	Synthetic	Tight Oil	Solution Gas	Non-Assoc Assoc Gas	CBM	Shale Gas	Ethane	Propane	Butane	Pentane Plus	Total NGL	Sulphur	Equiv. Oil
	MBbl	MBbl	MBbl	MBbl	MBbl	MMcf	MMcf	MMcf	MMcf	MBbl	MBbl	MBbl	MBbl	MBbl	MLt	MBoe
Gross	16.6	0.0	0.0	0.0	0.0	0	32603	0	0	0.0	0.0	0.0	0.0	0.0	0.0	5450.5
Co. Gr.	15.3	0.0	0.0	0.0	0.0	0	31502	0	0	0.0	0.0	0.0	0.0	0.0	0.0	5265.7
Co. Net	15.2	0.0	0.0	0.0	0.0	0	25420	0	0	0.0	0.0	0.0	0.0	0.0	0.0	4251.9

Year	Oil Comp. Gross	Gas Comp. Gross	BOE Comp. Gross	Oil Revenue	Gas Revenue	Other Revenue	Total Revenue	Total Crown	Non-Crown	Total Royalty	Royalty	Opex	Other Exp.	Total Expenses	Total Capital	Aband. & Reclaim.	BTax Cash Flow
	bbl/d	Mcf/d	boe/d	M$	M$	M$	M$	M$	M$	M$	%	M$	M$	M$	M$	M$	M$
2018	1.0	1734	289.9	22.9	1347.8	0.0	1370.7	39.5	0.9	40.4	2.9	216.1	0.0	216.1	15.0	0.0	1099.2
2019	1.8	5110	853.5	44.8	4607.2	0.0	4652.0	258.8	3.0	261.8	5.6	514.2	0.0	514.2	0.0	0.0	3876.1
2020	2.1	6154	1027.8	53.8	6509.6	0.0	6563.4	433.0	3.5	436.5	6.7	626.1	0.0	626.1	0.0	0.0	5500.8
2021	2.2	5408	903.5	60.0	6276.9	0.0	6337.0	464.5	2.9	467.3	7.4	623.6	0.0	623.6	0.0	0.0	5246.0
2022	2.3	4971	830.7	63.4	6114.4	0.0	6177.8	475.3	1.9	477.3	7.7	633.6	0.0	633.6	0.0	0.0	5066.9
2023	2.4	4759	795.6	68.9	6010.5	0.0	6079.5	471.4	2.3	473.7	7.8	777.0	0.0	777.0	0.0	-530.0	5358.8
2024	2.2	4336	724.9	65.0	5633.9	0.0	5698.9	451.5	2.7	454.2	8.0	630.8	1531.6	2162.4	-1531.6	-540.6	5154.4
2025	2.1	4071	680.6	65.0	5393.5	0.0	5458.5	435.3	4.2	439.5	8.1	636.5	1562.2	2198.8	0.0	-183.8	3004.0
2026	2.0	3801	635.5	62.4	5161.1	0.0	5223.5	425.6	3.3	429.0	8.2	544.1	0.0	544.1	1593.5	-187.5	2844.5
2027	2.2	3762	629.2	68.5	5218.3	0.0	5286.7	428.3	3.7	432.0	8.2	771.7	0.0	771.7	0.0	-573.6	4656.8
2028	2.2	3607	603.4	70.5	5135.7	0.0	5206.2	421.3	4.0	425.3	8.2	873.1	0.0	873.1	0.0	585.1	3322.7
2029	2.0	3320	555.3	66.1	4822.8	0.0	4888.9	400.1	4.2	404.3	8.3	785.6	0.0	785.6	0.0	63.3	3635.6
2030	1.7	2941	491.9	59.0	4369.1	0.0	4428.1	369.6	4.5	374.1	8.4	559.3	1149.9	1709.2	-1150.3	544.2	2950.9
2031	5.7	6098	1022.1	197.7	9237.5	0.0	9435.2	874.9	27.2	902.2	9.6	2583.5	1172.9	3756.4	0.0	-1035.6	5812.2
2032	5.1	5511	923.7	181.7	8532.8	0.0	8714.4	808.2	26.5	834.7	9.6	2384.0	1196.3	3580.3	0.0	-422.2	4721.7
2033	4.7	5030	843.0	168.0	7931.2	0.0	8099.1	751.9	25.7	777.6	9.6	2247.2	0.0	2247.2	1220.7	573.6	3280.1
2034	0.0	1089	181.5	0.0	1752.9	0.0	1752.9	105.2	0.0	105.2	6.0	65.5	0.0	65.5	0.0	878.6	703.7
2035	0.0	1013	168.9	0.0	1664.2	0.0	1664.2	99.9	0.0	99.9	6.0	62.1	0.0	62.1	0.0	-7253.9	8756.1
2036	0.0	2671	445.2	0.0	4497.6	0.0	4497.6	269.9	0.0	269.9	6.0	287.5	2589.9	2877.4	0.0	991.7	358.6
2037	0.0	2484	414.0	0.0	4260.9	0.0	4260.9	255.7	0.0	255.7	6.0	280.9	2641.7	2922.5	0.0	699.3	383.4
Sub Total				1317.6	104477.8	0.0	105795.4	8239.8	120.7	8360.4		16102.3	11844.4	27946.7	147.3	-6391.4	75732.4
9 Years				0.0	15112.4	0.0	15112.4	906.7	0.0	906.7		1075.2	11105.7	12180.9	0.0	8175.8	-6151.1
Total				1317.6	119590.2	0.0	120907.8	9146.5	120.7	9267.2		17177.5	22950.2	40127.6	147.3	1784.4	69581.3
Discount	5%			825.1	71731.0	0.0	72556.1	5471.0	68.4	5539.5		10107.1	9888.9	19996.0	-100.0	-597.6	47718.2
Discount	10%			554.6	47798.7	0.0	48353.3	3597.7	41.7	3639.4		6496.0	4787.6	11283.6	-171.6	-847.3	34449.2
Discount	12%			481.8	41616.4	0.0	42098.2	3110.1	34.9	3145.0		5564.4	3696.3	9260.7	-178.6	-805.7	30676.8
Discount	15%			396.9	34528.7	0.0	34925.7	2550.1	27.3	2577.4		4505.3	2587.2	7092.5	-177.7	-707.6	26141.1
Discount	18%			333.4	29271.7	0.0	29605.1	2134.9	21.9	2156.7		3731.9	1874.3	5606.2	-168.9	-603.6	22614.7
Discount	20%			299.6	26487.4	0.0	26787.1	1915.4	19.1	1934.6		3329.0	1538.1	4867.2	-160.9	-539.5	20685.7
Discount	25%			236.4	21240.9	0.0	21477.3	1504.2	14.2	1518.4		2589.1	987.6	3576.7	-137.9	-405.9	16926.0

Reserve Life	Reserve Half Life	Reserve Life Index	First Year Co Gr. Operating Costs
24.0 years	8.3 years	962.7	$/BOE 2.04

Figure S-1
Ranch Energy Corporation

Daily Company Gross Barrels of Oil Equivalent (BOE) Forecast
As Of Date : 2017-12-31

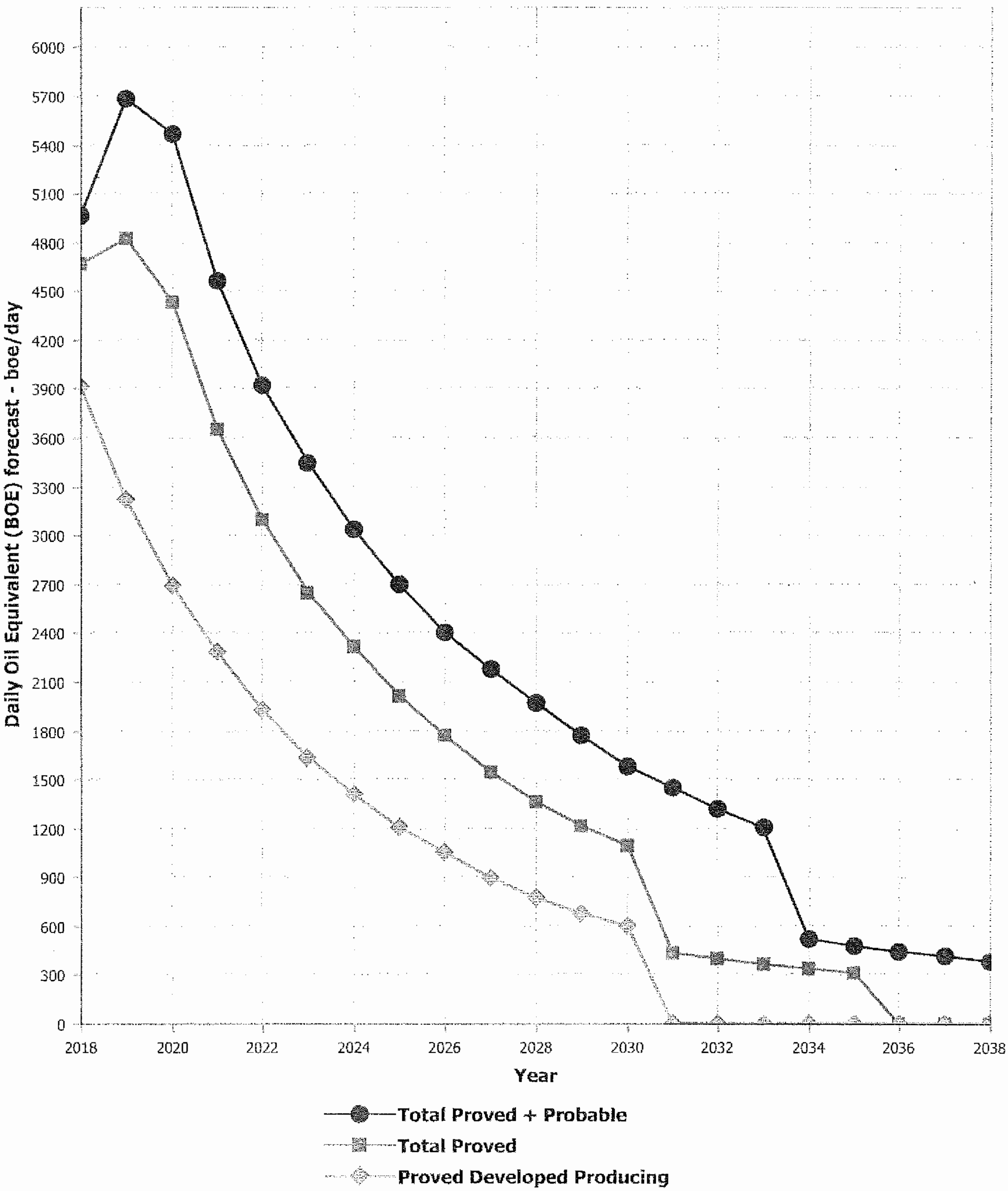


Figure S-2

Ranch Energy Corporation

Daily Company Gross Oil Production Forecast

As Of Date : 2017-12-31

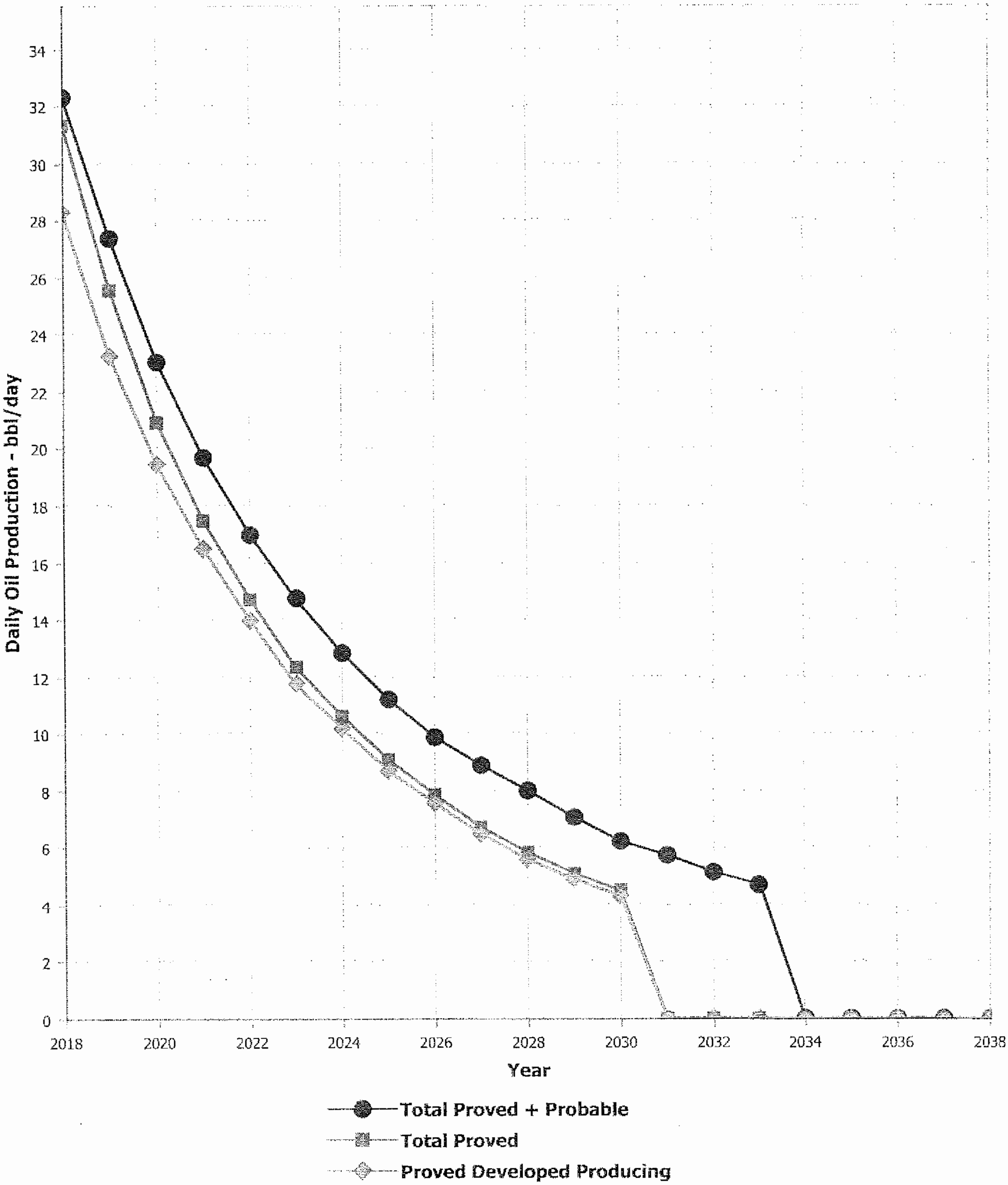


Figure S-3
Ranch Energy Corporation

Daily Company Gross Sales Gas Production Forecast
As Of Date : 2017-12-31

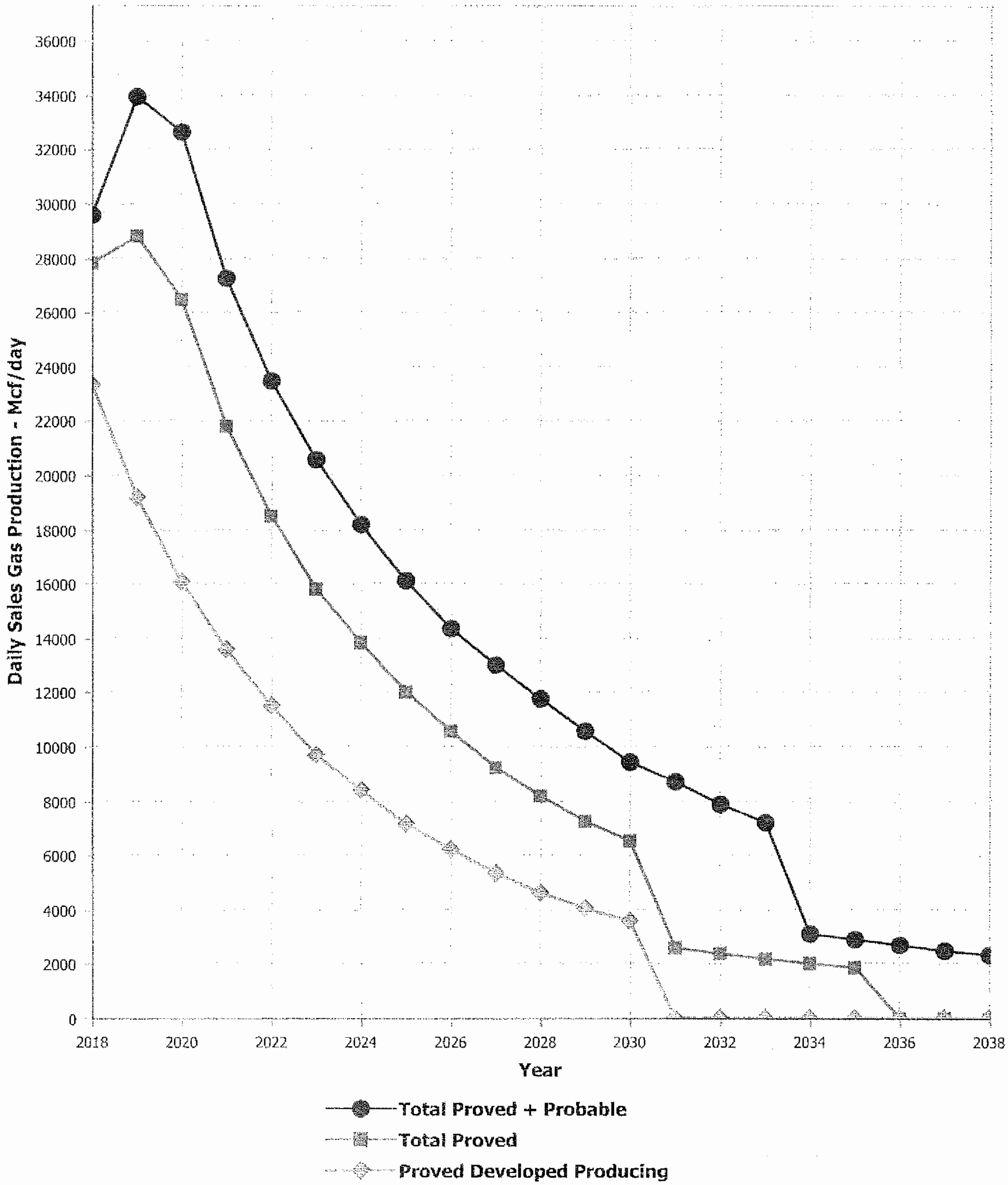


Figure S-4

Ranch Energy Corporation

Annual Cash Flow (Before Income Tax)

As Of Date : 2017-12-31

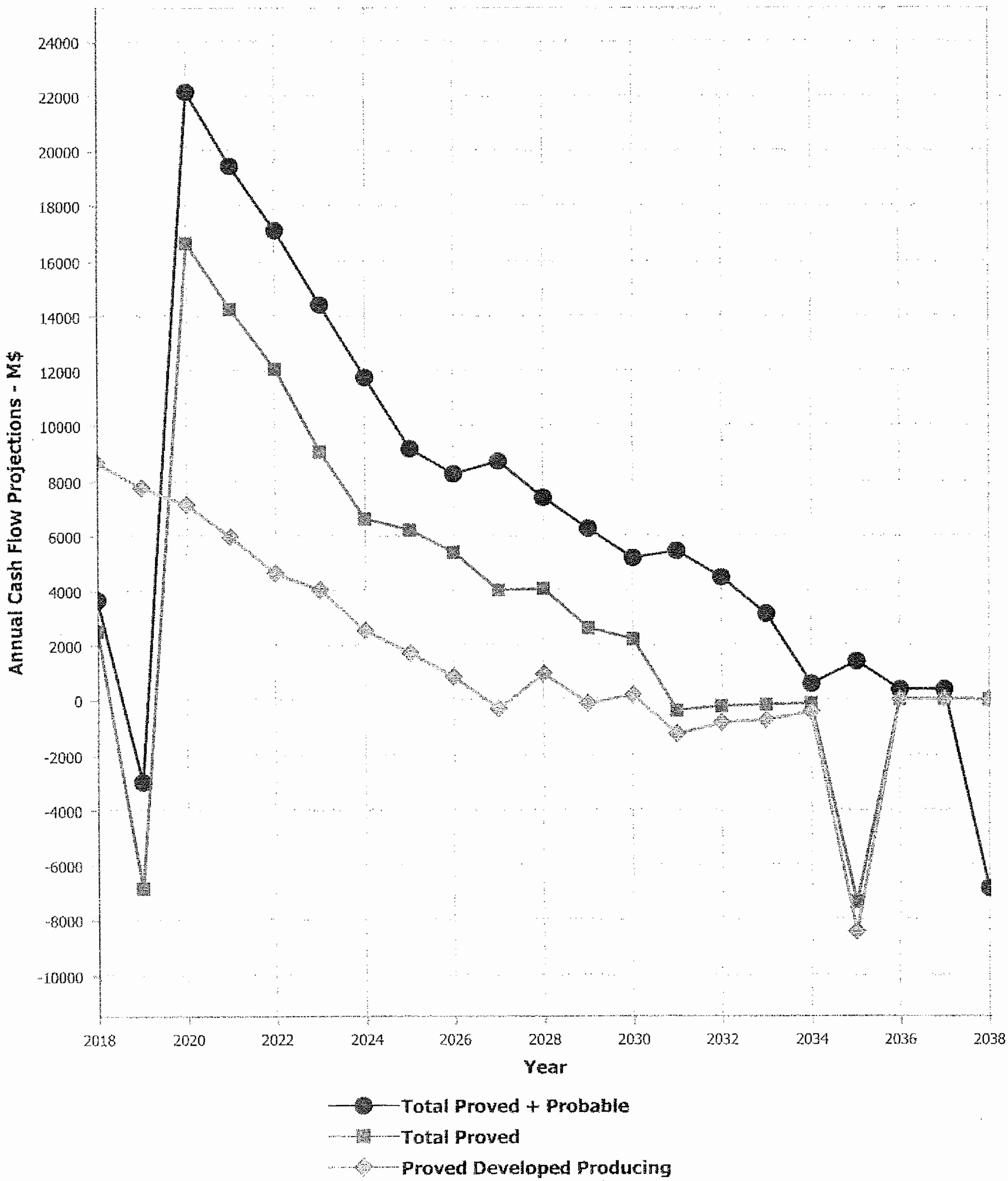
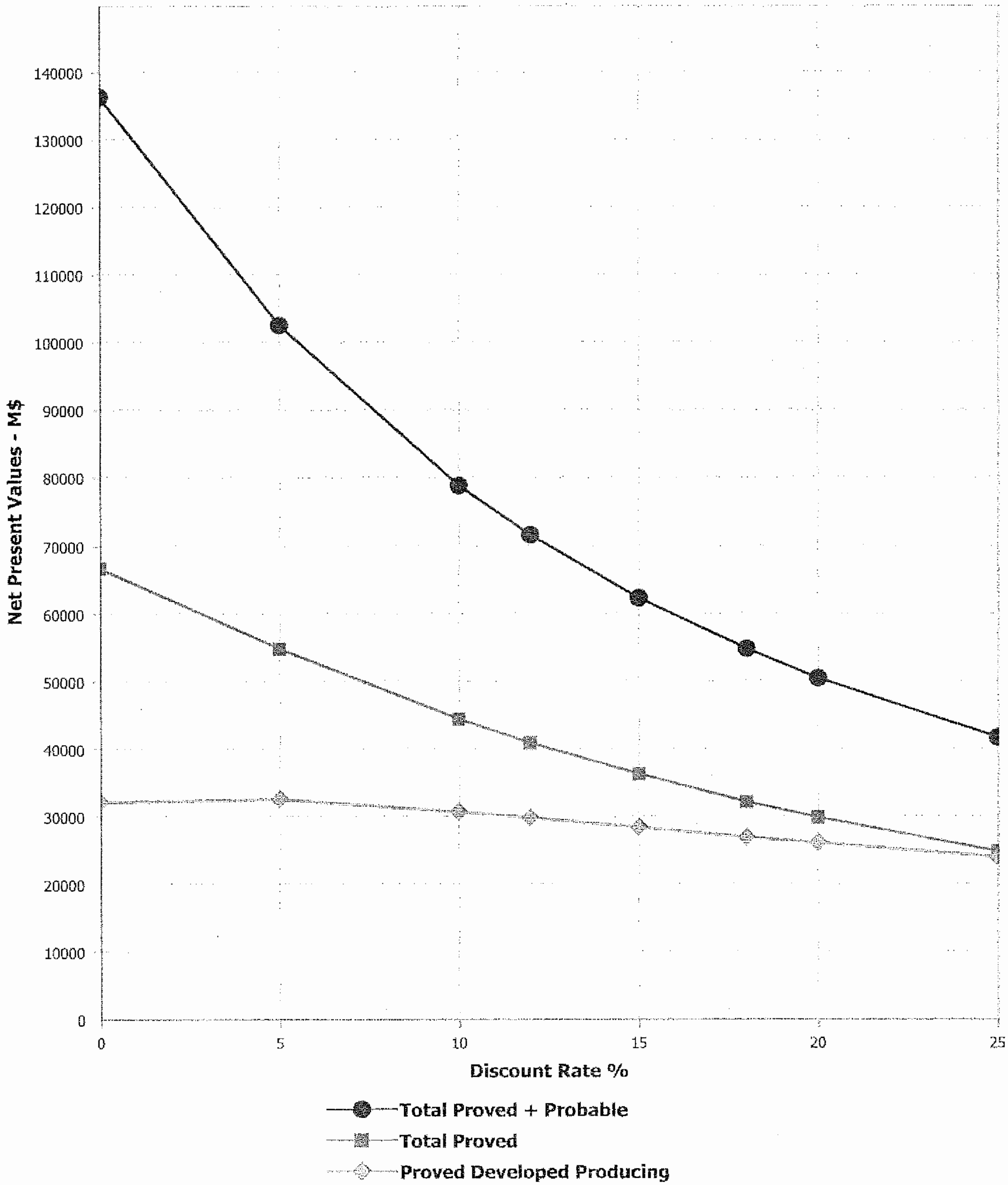


Figure S-5
Ranch Energy Corporation

Net Present Values (Before Income Tax)
As Of Date : 2017-12-31



Discussion

The Company's P&NG reserves are located in the province of British Columbia, Canada.

Reserves and Production

The oil and natural gas reserves were estimated from production decline curve analyses or by using analogy techniques.

Forecasts of net revenue were prepared by predicting annual production from the reserves, and product prices. Annual production was forecast taking into account historical production trends of the Company's producing wells, applicable regulatory conditions, existing or anticipated contract rates, and by comparison with other wells in the vicinity producing from similar reservoirs.

Net Present Values

The estimates of the P&NG reserves and their respective net present values, summarized by property and by reserves category, before income taxes, are presented in Table D-1. Detailed forecasts of production and net revenue for the various reserves categories for the Company are presented in Tables D-2 through D-2E.

Table D-1

Ranch Energy Corporation

Summary of the Evaluation of the P.&N.G. Reserves

As Of Date : 2017-12-31

	Lt, Med, Heavy Oil, Bitumen			Non-Assoc, Assoc Gas			Solution Gas			Natural Gas Liquids / Sulphur			Net Present Values Before Income Taxes			
	Remaining	Company Reserves		Remaining	Company Reserves		Remaining	Company Reserves		Remaining	Company Reserves					
	Reserves	Gross	Net	Reserves	Gross	Net	Reserves	Gross	Net	Reserves	Gross	Net	@ 0%	@ 5%	@ 10%	@ 15%
	MBbl	MBbl	MBbl	MMcf	MMcf	MMcf	MMcf	MMcf	MMcf	MBbl/MLt	MBbl/MLt	MBbl/MLt	M$	M$	M$	M$
Ranch Energy Corporation																
PDP	64.3	58.7	58.4	53077	48426	36582	0	0	0	0.0	0.0	0.0	32066	32470	30609	28225
PDNP	4.1	4.1	4.0	3871	3871	3098	0	0	0	0.0	0.0	0.0	2223	3071	3337	3350
PUD	0.0	0.0	0.0	27269	27269	22923	0	0	0	0.0	0.0	0.0	32298	19211	10439	4551
TP	68.4	62.8	62.5	84217	79566	62602	0	0	0	0.0	0.0	0.0	66587	54752	44384	36126
PBDP	15.0	13.6	13.6	12354	11253	8373	0	0	0	0.0	0.0	0.0	15065	11161	8194	6141
PBNP	1.6	1.6	1.6	1568	1568	1238	0	0	0	0.0	0.0	0.0	3176	2744	2302	1937
PBUD	0.0	0.0	0.0	18681	18681	15809	0	0	0	0.0	0.0	0.0	51341	33813	23952	18063
TPB	16.6	15.3	15.2	32603	31502	25420	0	0	0	0.0	0.0	0.0	69581	47718	34449	26141
TPP	85.0	78.0	77.7	116820	111068	88022	0	0	0	0.0	0.0	0.0	136168	102471	78833	62267
Wildboy																
PDP	64.3	58.7	58.4	53077	48426	36582	0	0	0	0.0	0.0	0.0	32066	32470	30609	28225
PDNP	4.1	4.1	4.0	3871	3871	3098	0	0	0	0.0	0.0	0.0	2223	3071	3337	3350
PUD	0.0	0.0	0.0	27269	27269	22923	0	0	0	0.0	0.0	0.0	32298	19211	10439	4551
TP	68.4	62.8	62.5	84217	79566	62602	0	0	0	0.0	0.0	0.0	66587	54752	44384	36126
PBDP	15.0	13.6	13.6	12354	11253	8373	0	0	0	0.0	0.0	0.0	15065	11161	8194	6141
PBNP	1.6	1.6	1.6	1568	1568	1238	0	0	0	0.0	0.0	0.0	3176	2744	2302	1937
PBUD	0.0	0.0	0.0	18681	18681	15809	0	0	0	0.0	0.0	0.0	51341	33813	23952	18063
TPB	16.6	15.3	15.2	32603	31502	25420	0	0	0	0.0	0.0	0.0	69581	47718	34449	26141
TPP	85.0	78.0	77.7	116820	111068	88022	0	0	0	0.0	0.0	0.0	136168	102471	78833	62267

Table D-2
Summary of Reserves and Net Present Values

Ranch Energy Corporation
Consolidated
Total Proved + Probable

Production Start : 2018-01-01
As Of Date : 2017-12-31

	Lt Med Oil	Heavy Oil	Bitumen	Synthetic	Tight Oil	Solution Gas	Non-Assoc Assoc Gas	CBM	Shale Gas	Ethane	Propane	Butane	Pentane Plus	Total NGL	Sulphur	Equiv. Oil
	MBbl	MBbl	MBbl	MBbl	MBbl	MMcf	MMcf	MMcf	MMcf	MBbl	MBbl	MBbl	MBbl	MBbl	MLt	MBoe
Gross	85.0	0.0	0.0	0.0	0.0	0	116820	0	0	0.0	0.0	0.0	0.0	0.0	0.0	19555.0
Co. Gr.	78.0	0.0	0.0	0.0	0.0	0	111068	0	0	0.0	0.0	0.0	0.0	0.0	0.0	18589.4
Co. Net	77.7	0.0	0.0	0.0	0.0	0	88022	0	0	0.0	0.0	0.0	0.0	0.0	0.0	14748.0

Year	Oil Comp. Gross	Gas Comp. Gross	BOE Comp. Gross	Oil Revenue	Gas Revenue	Other Revenue	Total Revenue	Total Crown	Non-Crown	Total Royalty	Royalty	Opex	Other Exp.	Total Expenses	Total Capital	Aband. & Reclaim.	BTax Cash Flow
	bbl/d	Mcf/d	boe/d	M$	M$	M$	M$	M$	M$	M$	%	M$	M$	M$	M$	M$	M$
2018	32.3	29558	4958.6	754.1	22979.9	0.0	23734.0	660.6	41.3	702.0	3.0	6315.3	4080.0	10395.3	9005.0	0.0	3631.7
2019	27.4	33909	5678.9	673.9	30570.9	0.0	31244.8	1699.8	40.1	1739.9	5.6	6400.5	4161.6	10562.1	21930.0	0.0	-2987.2
2020	23.0	32645	5463.8	588.9	34529.6	0.0	35118.5	2546.1	39.9	2586.0	7.4	6134.5	4244.8	10379.3	0.0	0.0	22153.2
2021	19.7	27241	4559.8	532.0	31618.1	0.0	32150.1	2625.0	38.3	2663.3	8.3	5685.3	4329.7	10015.0	0.0	0.0	19471.9
2022	17.0	23449	3925.0	471.7	28842.8	0.0	29314.6	2490.3	36.9	2527.2	8.6	5241.3	4416.3	9657.6	0.0	0.0	17129.8
2023	14.7	20578	3444.3	420.8	25987.4	0.0	26408.1	2238.0	35.7	2273.8	8.6	4892.9	4504.6	9397.6	0.0	353.3	14383.5
2024	12.8	18159	3039.3	377.7	23594.0	0.0	23971.7	2028.9	34.8	2063.7	8.6	4497.7	4594.7	9092.4	0.0	1081.1	11734.5
2025	11.2	16113	2696.8	339.1	21349.3	0.0	21688.4	1829.3	33.6	1862.9	8.6	4127.8	4686.6	8814.5	0.0	1837.9	9173.2
2026	9.8	14361	2403.3	305.7	19499.2	0.0	19805.0	1672.2	31.4	1703.7	8.6	3783.2	3186.9	6970.1	1593.5	1312.3	8225.5
2027	8.9	12999	2175.4	281.4	18030.2	0.0	18311.7	1536.1	30.5	1566.5	8.6	3673.9	3250.7	6924.6	0.0	1147.3	8673.2
2028	8.0	11768	1969.3	259.1	16754.1	0.0	17013.2	1422.3	29.7	1452.0	8.5	3522.4	3315.7	6838.1	0.0	1365.3	7357.9
2029	7.1	10577	1769.9	233.7	15365.3	0.0	15599.1	1304.4	28.8	1333.2	8.5	3226.0	3382.0	6607.9	0.0	1392.6	6265.3
2030	6.2	9450	1581.2	210.2	14037.9	0.0	14248.1	1193.7	28.0	1221.7	8.6	2870.3	3449.6	6319.9	0.0	1558.7	5147.7
2031	5.7	8678	1452.1	197.7	13145.7	0.0	13343.4	1109.4	27.2	1136.6	8.5	2838.4	3518.6	6357.0	0.0	414.0	5435.8
2032	5.1	7883	1319.0	181.7	12204.6	0.0	12386.2	1028.5	26.5	1055.0	8.5	2632.2	3589.0	6221.2	0.0	633.3	4476.6
2033	4.7	7215	1207.1	168.0	11375.8	0.0	11543.8	958.6	25.7	984.3	8.5	2489.0	2440.5	4929.5	1220.7	1292.7	3116.5
2034	0.0	3105	517.6	0.0	4998.7	0.0	4998.7	299.9	0.0	299.9	6.0	302.0	2489.3	2791.4	0.0	1317.9	589.6
2035	0.0	2878	479.7	0.0	4727.1	0.0	4727.1	283.6	0.0	283.6	6.0	294.1	2539.1	2833.2	0.0	224.0	1386.2
2036	0.0	2671	445.2	0.0	4497.6	0.0	4497.6	269.9	0.0	269.9	6.0	287.5	2589.9	2877.4	0.0	991.7	358.6
2037	0.0	2484	414.0	0.0	4260.9	0.0	4260.9	255.7	0.0	255.7	6.0	280.9	2641.7	2922.5	0.0	699.3	383.4
Sub Total				5995.8	358369.3	0.0	364365.1	27452.4	528.5	27980.8		69495.2	71411.4	140906.7	33749.2	15621.4	146107.0
9 Years				0.0	15112.4	0.0	15112.4	906.7	0.0	906.7		1075.2	11105.7	12180.9	0.0	11963.4	-9938.7
Total				5995.8	373481.7	0.0	379477.5	28359.1	528.5	28887.6		70570.4	82517.2	153087.6	33749.2	27584.9	136168.3
Discount	5%			4596.8	264779.6	0.0	269376.4	19770.0	379.4	20149.5		51537.7	51588.0	103125.7	30866.3	12764.4	102470.5
Discount	10%			3702.3	201608.6	0.0	205310.9	14708.9	288.9	14997.8		40008.7	36043.0	76051.7	28712.3	6715.8	78833.2
Discount	12%			3433.4	183566.1	0.0	186999.5	13256.7	262.6	13519.3		36651.1	31988.1	68639.2	27981.4	5347.5	71512.2
Discount	15%			3097.3	161597.6	0.0	164694.9	11487.3	230.6	11717.9		32526.8	27298.3	59825.1	26987.3	3898.0	62266.6
Discount	18%			2823.4	144177.4	0.0	147000.8	10085.6	205.2	10290.9		29231.1	23777.3	53008.4	26092.0	2917.1	54692.4
Discount	20%			2667.8	134470.4	0.0	137138.2	9306.3	191.1	9497.4		27386.2	21891.9	49278.1	25540.3	2434.7	50387.7
Discount	25%			2350.3	115066.2	0.0	117416.5	7755.4	163.1	7918.5		23683.6	18286.3	41969.9	24288.9	1606.2	41632.9

Reserve Life	Reserve Half Life	Reserve Life Index	Before Tax Payout	First Year Co Gr. Operating Costs
24.0 years	4.8 years	11.8	1.0 years	$/BOE 3.49

Table D-2

Production and Price Forecast

Ranch Energy Corporation

Consolidated

Total Proved + Probable

Production Start : 2018-01-01

As Of Date : 2017-12-31

	Light & Medium Oil						Gas					
Year	Gr. Well Count	Gr. Daily Bbl/d	Gross MBbl	Co Grs MBbl	Co Net MBbl	Price $/Bbl	Gr. Well Count	Gr. Daily Mcf/d	Gross MMcf	Co Grs MMcf	Co Net MMcf	Price $/Mcf
2018	-	34	12.5	11.8	11.7	64.00	118	31120	11359	10789	8500	2.13
2019	-	29	10.6	10.0	10.0	67.42	118	35364	12908	12377	9499	2.47
2020	-	25	9.0	8.4	8.4	69.88	117	34004	12445	11948	9326	2.89
2021	-	21	7.8	7.2	7.2	74.00	107	28513	10407	9943	7793	3.18
2022	-	18	6.7	6.2	6.2	76.24	100	24642	8994	8559	6742	3.37
2023	-	16	5.9	5.4	5.4	78.23	94	21699	7920	7511	5935	3.46
2024	-	14	5.2	4.7	4.7	80.57	87	19215	7033	6646	5264	3.55
2025	-	12	4.5	4.1	4.1	82.93	80	17109	6245	5881	4666	3.63
2026	-	11	4.0	3.6	3.6	85.06	71	15250	5566	5242	4165	3.72
2027	-	10	3.6	3.2	3.2	86.89	69	13841	5052	4745	3778	3.80
2028	-	9	3.3	2.9	2.9	88.71	66	12565	4599	4307	3436	3.89
2029	-	8	2.9	2.6	2.6	90.55	59	11295	4123	3861	3083	3.98
2030	-	7	2.6	2.3	2.3	92.49	53	10132	3698	3449	2755	4.07
2031	-	7	2.4	2.1	2.1	94.42	52	9327	3405	3168	2534	4.15
2032	-	6	2.1	1.9	1.9	96.41	47	8475	3102	2885	2309	4.23
2033	-	5	2.0	1.7	1.7	98.43	44	7779	2839	2633	2108	4.32
2034	-	-	-	-	-	-	7	3105	1133	1133	974	4.41
2035	-	-	-	-	-	-	7	2878	1050	1050	903	4.50
2036	-	-	-	-	-	-	7	2671	978	978	841	4.60
2037	-	-	-	-	-	-	7	2484	907	907	780	4.70
Sub Tot									113763	108011	85391	
4 Years									3057	3057	2631	
Total			85.0	78.0	77.7				116820	111068	88022	

	Solution Gas				Ethane				Propane			
Year	Gross MMcf	Co Grs MMcf	Co Net MMcf	Price $/Mcf	Gross MBbl	Co Grs MBbl	Co Net MBbl	Price $/Bbl	Gross MBbl	Co Grs MBbl	Co Net MBbl	Price $/Bbl
2018	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-	-	-

	Heavy Oil						Bitumen					
Year	Gr. Well Count	Gr. Daily Bbl/d	Gross MBbl	Co Grs MBbl	Co Net MBbl	Price $/Bbl	Gr. Well Count	Gr. Daily Bbl/d	Gross MBbl	Co Grs MBbl	Co Net MBbl	Price $/Bbl
2018	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-	-	-
Sub Tot												
4 Years												
Total												

	Sulphur				Butane				Pentane Plus			
Year	Gross MLt	Co Grs MLt	Co Net MLt	Price $/Lt	Gross MBbl	Co Grs MBbl	Co Net MBbl	Price $/Bbl	Gross MBbl	Co Grs MBbl	Co Net MBbl	Price $/Bbl
2018	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-	-	-

Table D-2
Summary of Reserves and Net Present Values

Ranch Energy Corporation
Consolidated
Total Proved + Probable

Production Start : 2018-01-01
As Of Date : 2017-12-31

Year	Revenue						Royalties							Operating
	Oil	Gas	NGL	Sulphur	Royalty	Other	Crown	Crown Adj	Production	Resource	MinTax	Opex	Other Exp.	Income
	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
2018	754.1	22979.9	0.0	0.0	0.0	0.0	660.6	0.0	0.0	41.3	0.0	6315.3	4080.0	12636.7
2019	673.9	30570.9	0.0	0.0	0.0	0.0	1699.8	0.0	0.0	40.1	0.0	6400.5	4161.6	18942.8
2020	588.9	34529.6	0.0	0.0	0.0	0.0	2546.1	0.0	0.0	39.9	0.0	6134.5	4244.8	22153.2
2021	532.0	31618.1	0.0	0.0	0.0	0.0	2625.0	0.0	0.0	38.3	0.0	5685.3	4329.7	19471.9
2022	471.7	28842.8	0.0	0.0	0.0	0.0	2490.3	0.0	0.0	36.9	0.0	5241.3	4416.3	17129.8
2023	420.8	25987.4	0.0	0.0	0.0	0.0	2238.0	0.0	0.0	35.7	0.0	4892.9	4504.6	14736.8
2024	377.7	23594.0	0.0	0.0	0.0	0.0	2028.9	0.0	0.0	34.8	0.0	4497.7	4594.7	12815.6
2025	339.1	21349.3	0.0	0.0	0.0	0.0	1829.3	0.0	0.0	33.6	0.0	4127.8	4686.6	11011.1
2026	305.7	19499.2	0.0	0.0	0.0	0.0	1672.2	0.0	0.0	31.4	0.0	3783.2	3186.9	11131.2
2027	281.4	18030.2	0.0	0.0	0.0	0.0	1536.1	0.0	0.0	30.5	0.0	3673.9	3250.7	9820.5
2028	259.1	16754.1	0.0	0.0	0.0	0.0	1422.3	0.0	0.0	29.7	0.0	3522.4	3315.7	8723.1
2029	233.7	15365.3	0.0	0.0	0.0	0.0	1304.4	0.0	0.0	28.8	0.0	3226.0	3382.0	7657.9
2030	210.2	14037.9	0.0	0.0	0.0	0.0	1193.7	0.0	0.0	28.0	0.0	2870.3	3449.6	6706.5
2031	197.7	13145.7	0.0	0.0	0.0	0.0	1109.4	0.0	0.0	27.2	0.0	2838.4	3518.6	5849.8
2032	181.7	12204.6	0.0	0.0	0.0	0.0	1028.5	0.0	0.0	26.5	0.0	2632.2	3589.0	5110.0
2033	168.0	11375.8	0.0	0.0	0.0	0.0	958.6	0.0	0.0	25.7	0.0	2489.0	2440.5	5630.0
2034	0.0	4998.7	0.0	0.0	0.0	0.0	299.9	0.0	0.0	0.0	0.0	302.0	2489.3	1907.4
2035	0.0	4727.1	0.0	0.0	0.0	0.0	283.6	0.0	0.0	0.0	0.0	294.1	2539.1	1610.2
2036	0.0	4497.6	0.0	0.0	0.0	0.0	269.9	0.0	0.0	0.0	0.0	287.5	2589.9	1350.4
2037	0.0	4260.9	0.0	0.0	0.0	0.0	255.7	0.0	0.0	0.0	0.0	280.9	2641.7	1082.7
Sub Total	5995.8	358369.3	0.0	0.0	0.0	0.0	27452.4	0.0	0.0	528.5	0.0	69495.2	71411.4	195477.6
9 Years	0.0	15112.4	0.0	0.0	0.0	0.0	906.7	0.0	0.0	0.0	0.0	1075.2	11105.7	2024.7
Total	5995.8	373481.7	0.0	0.0	0.0	0.0	28359.1	0.0	0.0	528.5	0.0	70570.4	82517.2	197502.3

Year	Other Capital	CEE	CDE	COGPE	Total Capital	Net Revenue	Cum. Net Revenue	AdValorem /Severance	Aband. & Reclaim.	Sask. Tax	Before Tax	BTax Cum.
	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
2018	600.0	0.0	8405.0	0.0	9005.0	3631.7	3631.7	0.0	0.0	0.0	3631.7	3631.7
2019	1530.0	0.0	20400.0	0.0	21930.0	-2987.2	644.5	0.0	0.0	0.0	-2987.2	644.5
2020	0.0	0.0	0.0	0.0	0.0	22153.2	22797.7	0.0	0.0	0.0	22153.2	22797.7
2021	0.0	0.0	0.0	0.0	0.0	19471.9	42269.6	0.0	0.0	0.0	19471.9	42269.6
2022	0.0	0.0	0.0	0.0	0.0	17129.8	59399.4	0.0	0.0	0.0	17129.8	59399.4
2023	0.0	0.0	0.0	0.0	0.0	14736.8	74136.2	0.0	353.3	0.0	14383.5	73782.9
2024	0.0	0.0	0.0	0.0	0.0	12815.6	86951.8	0.0	1081.1	0.0	11734.5	85517.4
2025	0.0	0.0	0.0	0.0	0.0	11011.1	97962.9	0.0	1837.9	0.0	9173.2	94690.6
2026	1593.5	0.0	0.0	0.0	1593.5	9537.7	107500.6	0.0	1312.3	0.0	8225.5	102916.1
2027	0.0	0.0	0.0	0.0	0.0	9820.5	117321.2	0.0	1147.3	0.0	8673.2	111589.3
2028	0.0	0.0	0.0	0.0	0.0	8723.1	126044.3	0.0	1365.3	0.0	7357.9	118947.2
2029	0.0	0.0	0.0	0.0	0.0	7657.9	133702.2	0.0	1392.6	0.0	6265.3	125212.5
2030	0.0	0.0	0.0	0.0	0.0	6706.5	140408.7	0.0	1558.7	0.0	5147.7	130360.2
2031	0.0	0.0	0.0	0.0	0.0	5849.8	146258.5	0.0	414.0	0.0	5435.8	135796.0
2032	0.0	0.0	0.0	0.0	0.0	5110.0	151368.4	0.0	633.3	0.0	4476.6	140272.7
2033	1220.7	0.0	0.0	0.0	1220.7	4409.3	155777.7	0.0	1292.7	0.0	3116.5	143389.2
2034	0.0	0.0	0.0	0.0	0.0	1907.4	157685.2	0.0	1317.9	0.0	589.6	143978.8
2035	0.0	0.0	0.0	0.0	0.0	1610.2	159295.4	0.0	224.0	0.0	1386.2	145365.0
2036	0.0	0.0	0.0	0.0	0.0	1350.4	160645.8	0.0	991.7	0.0	358.6	145723.6
2037	0.0	0.0	0.0	0.0	0.0	1082.7	161728.5	0.0	699.3	0.0	383.4	146107.0
Sub Total	4944.2	0.0	28805.0	0.0	33749.2	161728.5		0.0	15621.4	0.0	146107.0	
9 Years	0.0	0.0	0.0	0.0	0.0	2024.7		0.0	11963.4	0.0	-9938.7	
Total	4944.2	0.0	28805.0	0.0	33749.2	163753.2		0.0	27584.9	0.0	136168.3	

Table D-2A
Summary of Reserves and Net Present Values

Ranch Energy Corporation
Consolidated
Total Proved

Production Start : 2018-01-01
As Of Date : 2017-12-31

	Lt Med Oil	Heavy Oil	Bitumen	Synthetic	Tight Oil	Solution Gas	Non-Assoc Assoc Gas	CBM	Shale Gas	Ethane	Propane	Butane	Pentane Plus	Total NGL	Sulphur	Equiv. Oil
	MBbl	MBbl	MBbl	MBbl	MBbl	MMcf	MMcf	MMcf	MMcf	MBbl	MBbl	MBbl	MBbl	MBbl	MLt	MBoe
Gross	68.4	0.0	0.0	0.0	0.0	0	84217	0	0	0.0	0.0	0.0	0.0	0.0	0.0	14104.6
Co. Gr.	62.8	0.0	0.0	0.0	0.0	0	79566	0	0	0.0	0.0	0.0	0.0	0.0	0.0	13323.7
Co. Net	62.5	0.0	0.0	0.0	0.0	0	62602	0	0	0.0	0.0	0.0	0.0	0.0	0.0	10496.1

Year	Oil Comp. Gross	Gas Comp. Gross	BOE Comp. Gross	Oil Revenue	Gas Revenue	Other Revenue	Total Revenue	Total Crown	Non-Crown	Total Royalty	Royalty	Opex	Other Exp.	Total Expenses	Total Capital	Aband. & Reclaim.	BTax Cash Flow
	bbl/d	Mcf/d	boe/d	M$	M$	M$	M$	M$	M$	M$	%	M$	M$	M$	M$	M$	M$
2018	31.3	27824	4668.7	731.2	21632.1	0.0	22363.2	621.2	40.4	661.6	3.0	6099.2	4080.0	10179.2	8990.0	0.0	2532.5
2019	25.6	28799	4825.4	629.1	25963.7	0.0	26592.8	1441.0	37.1	1478.1	5.6	5886.3	4161.6	10047.9	21930.0	0.0	-6863.3
2020	20.9	26490	4436.0	535.1	28020.0	0.0	28555.2	2113.1	36.4	2149.5	7.5	5508.4	4244.8	9753.3	0.0	0.0	16652.4
2021	17.5	21833	3656.3	472.0	25341.2	0.0	25813.2	2160.5	35.4	2195.9	8.5	5061.6	4329.7	9391.4	0.0	0.0	14225.9
2022	14.7	18478	3094.3	408.3	22728.5	0.0	23136.8	2015.0	34.9	2049.9	8.9	4607.7	4416.3	9024.0	0.0	0.0	12062.9
2023	12.3	15818	2648.7	351.8	19976.8	0.0	20328.7	1766.7	33.4	1800.0	8.9	4116.0	4504.6	8620.6	0.0	883.3	9024.7
2024	10.6	13823	2314.4	312.8	17960.1	0.0	18272.9	1577.4	32.0	1609.5	8.8	3866.9	3063.2	6930.0	1531.6	1621.7	6580.1
2025	9.1	12043	2016.1	274.2	15955.7	0.0	16229.9	1394.0	29.3	1423.4	8.8	3491.3	3124.4	6615.7	0.0	2021.7	6169.2
2026	7.8	10560	1767.8	243.3	14338.1	0.0	14581.4	1246.6	28.1	1274.7	8.7	3239.1	3186.9	6426.0	0.0	1499.7	5381.0
2027	6.7	9237	1546.2	213.0	12812.0	0.0	13024.9	1107.8	26.8	1134.6	8.7	2902.3	3250.7	6152.9	0.0	1720.9	4016.5
2028	5.8	8160	1365.9	188.7	11618.4	0.0	11807.0	1001.0	25.7	1026.7	8.7	2649.3	3315.7	5965.0	0.0	780.2	4035.2
2029	5.1	7257	1214.6	167.6	10542.6	0.0	10710.2	904.3	24.6	928.9	8.7	2440.4	3382.0	5822.4	0.0	1329.2	2629.7
2030	4.5	6509	1089.2	151.2	9668.8	0.0	9820.0	824.1	23.5	847.6	8.6	2311.0	2299.7	4610.7	1150.3	1014.6	2196.8
2031	0.0	2580	430.0	0.0	3908.3	0.0	3908.3	234.5	0.0	234.5	6.0	254.9	2345.7	2600.6	0.0	1449.5	-376.4
2032	0.0	2372	395.3	0.0	3671.8	0.0	3671.8	220.3	0.0	220.3	6.0	248.3	2392.7	2640.9	0.0	1055.6	-245.0
2033	0.0	2185	364.1	0.0	3444.7	0.0	3444.7	206.7	0.0	206.7	6.0	241.8	2440.5	2682.3	0.0	719.2	-163.5
2034	0.0	2016	336.1	0.0	3245.8	0.0	3245.8	194.7	0.0	194.7	6.0	236.6	2489.3	2725.9	0.0	439.3	-114.1
2035	0.0	1865	310.8	0.0	3062.9	0.0	3062.9	183.8	0.0	183.8	6.0	232.0	2539.1	2771.1	0.0	7478.0	-7369.9
2036	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2037	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sub Total				4678.2	253891.5	0.0	258569.7	19212.6	407.8	19620.4		53392.9	59567.0	112959.9	33601.9	22012.8	70374.7
3 Years				0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	3787.7	-3787.7
Total				4678.2	253891.5	0.0	258569.7	19212.6	407.8	19620.4		53392.9	59567.0	112959.9	33601.9	25800.5	66587.0
Discount 5%				3771.7	193048.6	0.0	196820.3	14299.0	311.0	14610.0		41430.6	41699.0	83129.7	30966.2	13362.0	54752.4
Discount 10%				3147.6	153809.9	0.0	156957.5	11111.2	247.2	11358.4		33512.7	31255.4	64768.1	28883.9	7563.2	44384.0
Discount 12%				2951.7	141949.7	0.0	144901.4	10146.6	227.7	10374.3		31086.6	28291.8	59378.5	28160.1	6153.2	40835.4
Discount 15%				2700.3	127068.9	0.0	129769.2	8937.2	203.3	9140.5		28021.5	24711.1	52732.6	27164.9	4605.6	36125.5
Discount 18%				2490.0	114905.7	0.0	117395.7	7950.8	183.3	8134.1		25499.2	21902.9	47402.1	26260.9	3520.8	32077.7
Discount 20%				2368.2	107983.0	0.0	110351.2	7390.9	172.0	7562.9		24057.2	20353.8	44410.9	25701.1	2974.1	29702.1
Discount 25%				2113.9	93825.3	0.0	95939.2	6251.2	148.9	6400.2		21094.5	17298.7	38393.2	24426.8	2012.2	24706.9

Reserve Life	Reserve Half Life	Reserve Life Index	Before Tax Payout	First Year Co Gr. Operating Costs
18.0 years	3.8 years	8.5	2.0 years	$/BOE 3.58

Table D-2A

Production and Price Forecast

Ranch Energy Corporation

Consolidated

Total Proved

Production Start : 2018-01-01

As Of Date : 2017-12-31

	Light & Medium Oil						Gas					
Year	Gr. Well	Gr. Daily	Gross	Co Grs	Co Net	Price	Gr. Well	Gr. Daily	Gross	Co Grs	Co Net	Price
	Count	Bbl/d	MBbl	MBbl	MBbl	$/Bbl	Count	Mcf/d	MMcf	MMcf	MMcf	$/Mcf
2018	-	33	12.1	11.4	11.4	64.00	115	29377	10723	10156	8003	2.13
2019	-	27	10.0	9.3	9.3	67.42	113	30228	11033	10512	8071	2.47
2020	-	23	8.2	7.7	7.6	69.88	109	27807	10177	9696	7519	2.89
2021	-	19	6.9	6.4	6.4	74.00	98	23048	8413	7969	6199	3.18
2022	-	16	5.9	5.4	5.3	76.24	90	19601	7154	6744	5273	3.37
2023	-	14	5.0	4.5	4.5	78.23	81	16858	6153	5774	4528	3.46
2024	-	12	4.3	3.9	3.9	80.57	77	14787	5412	5059	3983	3.55
2025	-	10	3.7	3.3	3.3	82.93	69	12886	4703	4396	3469	3.63
2026	-	9	3.2	2.9	2.8	85.06	64	11344	4141	3854	3050	3.72
2027	-	8	2.8	2.5	2.4	86.89	56	9932	3625	3372	2673	3.80
2028	-	7	2.4	2.1	2.1	88.71	51	8809	3224	2987	2373	3.89
2029	-	6	2.1	1.9	1.8	90.55	47	7838	2861	2649	2109	3.98
2030	-	5	1.9	1.6	1.6	92.49	45	7052	2574	2376	1895	4.07
2031	-	-	-	-	-	-	7	2580	942	942	809	4.15
2032	-	-	-	-	-	-	7	2372	868	868	746	4.23
2033	-	-	-	-	-	-	7	2185	797	797	685	4.32
2034	-	-	-	-	-	-	7	2016	736	736	633	4.41
2035	-	-	-	-	-	-	7	1865	681	681	585	4.50
Total			68.4	62.8	62.5				84217	79566	62602	

	Solution Gas				Ethane				Propane			
Year	Gross	Co Grs	Co Net	Price	Gross	Co Grs	Co Net	Price	Gross	Co Grs	Co Net	Price
	MMcf	MMcf	MMcf	$/Mcf	MBbl	MBbl	MBbl	$/Bbl	MBbl	MBbl	MBbl	$/Bbl
2018	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-

	Heavy Oil						Bitumen					
Year	Gr. Well	Gr. Daily	Gross	Co Grs	Co Net	Price	Gr. Well	Gr. Daily	Gross	Co Grs	Co Net	Price
	Count	Bbl/d	MBbl	MBbl	MBbl	$/Bbl	Count	Bbl/d	MBbl	MBbl	MBbl	$/Bbl
2018	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-
Total												

	Sulphur				Butane				Pentane Plus			
Year	Gross	Co Grs	Co Net	Price	Gross	Co Grs	Co Net	Price	Gross	Co Grs	Co Net	Price
	MLt	MLt	MLt	$/Lt	MBbl	MBbl	MBbl	$/Bbl	MBbl	MBbl	MBbl	$/Bbl
2018	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-

Table D-2A
Summary of Reserves and Net Present Values

Ranch Energy Corporation
Consolidated
Total Proved

Production Start : 2018-01-01
As Of Date : 2017-12-31

Year	Revenue Oil	Revenue Gas	Revenue NGL	Revenue Sulphur	Revenue Royalty	Revenue Other	Royalties Crown	Royalties Crown Adj	Royalties Production	Royalties Resource	Royalties MinTax	Opex	Other Exp.	Operating Income
	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
2018	731.2	21632.1	0.0	0.0	0.0	0.0	621.2	0.0	0.0	40.4	0.0	6099.2	4080.0	11522.5
2019	629.1	25963.7	0.0	0.0	0.0	0.0	1441.0	0.0	0.0	37.1	0.0	5886.3	4161.6	15066.7
2020	535.1	28020.0	0.0	0.0	0.0	0.0	2113.1	0.0	0.0	36.4	0.0	5508.4	4244.8	16652.4
2021	472.0	25341.2	0.0	0.0	0.0	0.0	2160.5	0.0	0.0	35.4	0.0	5061.6	4329.7	14225.9
2022	408.3	22728.5	0.0	0.0	0.0	0.0	2015.0	0.0	0.0	34.9	0.0	4607.7	4416.3	12062.9
2023	351.8	19976.8	0.0	0.0	0.0	0.0	1766.7	0.0	0.0	33.4	0.0	4116.0	4504.6	9908.0
2024	312.8	17960.1	0.0	0.0	0.0	0.0	1577.4	0.0	0.0	32.0	0.0	3866.9	3063.2	9733.4
2025	274.2	15955.7	0.0	0.0	0.0	0.0	1394.0	0.0	0.0	29.3	0.0	3491.3	3124.4	8190.9
2026	243.3	14338.1	0.0	0.0	0.0	0.0	1246.6	0.0	0.0	28.1	0.0	3239.1	3186.9	6880.7
2027	213.0	12812.0	0.0	0.0	0.0	0.0	1107.8	0.0	0.0	26.8	0.0	2902.3	3250.7	5737.4
2028	188.7	11618.4	0.0	0.0	0.0	0.0	1001.0	0.0	0.0	25.7	0.0	2649.3	3315.7	4815.3
2029	167.6	10542.6	0.0	0.0	0.0	0.0	904.3	0.0	0.0	24.6	0.0	2440.4	3382.0	3958.9
2030	151.2	9668.8	0.0	0.0	0.0	0.0	824.1	0.0	0.0	23.5	0.0	2311.0	2299.7	4361.7
2031	0.0	3908.3	0.0	0.0	0.0	0.0	234.5	0.0	0.0	0.0	0.0	254.9	2345.7	1073.2
2032	0.0	3671.8	0.0	0.0	0.0	0.0	220.3	0.0	0.0	0.0	0.0	248.3	2392.7	810.6
2033	0.0	3444.7	0.0	0.0	0.0	0.0	206.7	0.0	0.0	0.0	0.0	241.8	2440.5	555.7
2034	0.0	3245.8	0.0	0.0	0.0	0.0	194.7	0.0	0.0	0.0	0.0	236.6	2489.3	325.2
2035	0.0	3062.9	0.0	0.0	0.0	0.0	183.8	0.0	0.0	0.0	0.0	232.0	2539.1	108.1
2036	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2037	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sub Total	4678.2	253891.5	0.0	0.0	0.0	0.0	19212.6	0.0	0.0	407.8	0.0	53392.9	59567.0	125989.4
3 Years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	4678.2	253891.5	0.0	0.0	0.0	0.0	19212.6	0.0	0.0	407.8	0.0	53392.9	59567.0	125989.4

Year	Other Capital	CEE	CDE	COGPE	Total Capital	Net Revenue	Cum. Net Revenue	AdValorem /Severance	Aband. & Reclaim.	Sask. Tax	Before Tax	BTax Cum.
	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
2018	600.0	0.0	8390.0	0.0	8990.0	2532.5	2532.5	0.0	0.0	0.0	2532.5	2532.5
2019	1530.0	0.0	20400.0	0.0	21930.0	-6863.3	-4330.8	0.0	0.0	0.0	-6863.3	-4330.8
2020	0.0	0.0	0.0	0.0	0.0	16652.4	12321.6	0.0	0.0	0.0	16652.4	12321.6
2021	0.0	0.0	0.0	0.0	0.0	14225.9	26547.5	0.0	0.0	0.0	14225.9	26547.5
2022	0.0	0.0	0.0	0.0	0.0	12062.9	38610.4	0.0	0.0	0.0	12062.9	38610.4
2023	0.0	0.0	0.0	0.0	0.0	9908.0	48518.4	0.0	883.3	0.0	9024.7	47635.1
2024	1531.6	0.0	0.0	0.0	1531.6	8201.8	56720.2	0.0	1621.7	0.0	6580.1	54215.2
2025	0.0	0.0	0.0	0.0	0.0	8190.9	64911.0	0.0	2021.7	0.0	6169.2	60384.4
2026	0.0	0.0	0.0	0.0	0.0	6880.7	71791.7	0.0	1499.7	0.0	5381.0	65765.4
2027	0.0	0.0	0.0	0.0	0.0	5737.4	77529.1	0.0	1720.9	0.0	4016.5	69781.9
2028	0.0	0.0	0.0	0.0	0.0	4815.3	82344.5	0.0	780.2	0.0	4035.2	73817.1
2029	0.0	0.0	0.0	0.0	0.0	3958.9	86303.4	0.0	1329.2	0.0	2629.7	76446.8
2030	1150.3	0.0	0.0	0.0	1150.3	3211.4	89514.9	0.0	1014.6	0.0	2196.8	78643.6
2031	0.0	0.0	0.0	0.0	0.0	1073.2	90588.0	0.0	1449.5	0.0	-376.4	78267.2
2032	0.0	0.0	0.0	0.0	0.0	810.6	91398.6	0.0	1055.6	0.0	-245.0	78022.2
2033	0.0	0.0	0.0	0.0	0.0	555.7	91954.2	0.0	719.2	0.0	-163.5	77858.7
2034	0.0	0.0	0.0	0.0	0.0	325.2	92279.4	0.0	439.3	0.0	-114.1	77744.6
2035	0.0	0.0	0.0	0.0	0.0	108.1	92387.5	0.0	7478.0	0.0	-7369.9	70374.7
2036	0.0	0.0	0.0	0.0	0.0	0.0	92387.5	0.0	0.0	0.0	0.0	70374.7
2037	0.0	0.0	0.0	0.0	0.0	0.0	92387.5	0.0	0.0	0.0	0.0	70374.7
Sub Total	4811.9	0.0	28790.0	0.0	33601.9	92387.5		0.0	22012.8	0.0	70374.7	
3 Years	0.0	0.0	0.0	0.0	0.0	0.0		0.0	3787.7	0.0	-3787.7	
Total	4811.9	0.0	28790.0	0.0	33601.9	92387.5		0.0	25800.5	0.0	66587.0	

Table D-2B
Summary of Reserves and Net Present Values

Ranch Energy Corporation
Consolidated
Proved Developed Producing

Production Start : 2018-01-01
As Of Date : 2017-12-31

	Lt Med Oil	Heavy Oil	Bitumen	Synthetic	Tight Oil	Solution Gas	Non-Assoc Assoc Gas	CBM	Shale Gas	Ethane	Propane	Butane	Pentane Plus	Total NGL	Sulphur	Equiv. Oil
	MBbl	MBbl	MBbl	MBbl	MBbl	MMcf	MMcf	MMcf	MMcf	MBbl	MBbl	MBbl	MBbl	MBbl	MLt	MBoe
Gross	64.3	0.0	0.0	0.0	0.0	0	53077	0	0	0.0	0.0	0.0	0.0	0.0	0.0	8910.5
Co. Gr.	58.7	0.0	0.0	0.0	0.0	0	48426	0	0	0.0	0.0	0.0	0.0	0.0	0.0	8129.7
Co. Net	58.4	0.0	0.0	0.0	0.0	0	36582	0	0	0.0	0.0	0.0	0.0	0.0	0.0	6155.4

Year	Oil Comp. Gross	Gas Comp. Gross	BOE Comp. Gross	Oil Revenue	Gas Revenue	Other Revenue	Total Revenue	Total Crown	Non-Crown	Total Royalty	Royalty	Opex	Other Exp.	Total Expenses	Total Capital	Aband. & Reclaim.	BTax Cash Flow
	bbl/d	Mcf/d	boe/d	M$	M$	M$	M$	M$	M$	M$	%	M$	M$	M$	M$	M$	M$
2018	28.3	23322	3915.2	660.4	18131.4	0.0	18791.7	522.9	33.3	556.2	3.0	5528.1	4080.0	9608.1	0.0	0.0	8627.5
2019	23.2	19158	3216.2	571.5	17271.9	0.0	17843.4	961.2	32.3	993.5	5.6	4989.3	4161.6	9150.9	0.0	0.0	7699.0
2020	19.4	16039	2692.7	497.2	16965.4	0.0	17462.6	1430.4	34.7	1465.1	8.4	4620.4	4244.8	8865.2	0.0	0.0	7132.3
2021	16.5	13579	2279.7	444.6	15761.6	0.0	16206.2	1561.1	35.4	1596.5	9.9	4328.8	4329.7	8658.6	0.0	0.0	5951.1
2022	13.9	11498	1930.3	387.8	14143.4	0.0	14531.2	1479.5	34.9	1514.4	10.4	3975.0	2944.2	6919.2	1472.1	0.0	4625.5
2023	11.8	9702	1628.8	335.8	12252.6	0.0	12588.4	1289.3	33.4	1322.7	10.5	3548.9	3003.1	6552.0	0.0	706.6	4007.0
2024	10.2	8377	1406.4	299.4	10884.8	0.0	11184.2	1144.0	32.0	1176.1	10.5	3341.0	3063.2	6404.1	0.0	1081.1	2522.9
2025	8.7	7168	1203.4	263.0	9497.5	0.0	9760.5	1001.0	29.3	1030.3	10.6	3003.3	3124.4	6127.7	0.0	918.9	1683.6
2026	7.6	6230	1045.9	234.5	8459.5	0.0	8694.0	889.7	28.1	917.8	10.6	2827.5	3186.9	6014.4	0.0	937.3	824.4
2027	6.5	5331	894.9	204.9	7393.9	0.0	7598.8	780.3	26.8	807.2	10.6	2512.9	2167.1	4680.0	1083.9	1338.5	-310.8
2028	5.6	4616	775.0	181.7	6572.6	0.0	6754.3	696.1	25.7	721.9	10.7	2287.6	2210.4	4498.0	0.0	585.1	949.3
2029	4.9	4023	675.3	161.2	5844.0	0.0	6005.1	621.1	24.6	645.7	10.8	2089.9	2254.7	4344.5	0.0	1130.3	-115.4
2030	4.3	3549	595.8	145.2	5272.4	0.0	5417.7	559.6	23.5	583.2	10.8	1969.7	2299.7	4269.4	0.0	405.8	159.3
2031	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1242.5	-1242.5
2032	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	844.5	-844.5
2033	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	719.2	-719.2
2034	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	439.3	-439.3
2035	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8444.1	-8444.1
Total				4387.2	148451.0	0.0	152838.2	12936.2	394.2	13330.4		45022.4	41069.9	86092.3	2556.1	18793.4	32066.0
Discount 5%				3524.3	117717.3	0.0	121241.5	9844.0	298.1	10142.1		35285.4	31648.1	66933.5	1864.0	9831.7	32470.2
Discount 10%				2931.7	96710.5	0.0	99642.1	7759.9	234.9	7994.8		28728.7	25384.5	54113.2	1397.3	5528.4	30608.5
Discount 12%				2745.9	90150.0	0.0	92895.8	7116.1	215.7	7331.8		26701.6	23465.0	50166.7	1253.7	4473.7	29670.1
Discount 15%				2507.9	81768.8	0.0	84276.7	6300.2	191.6	6491.8		24128.6	21042.6	45171.2	1072.5	3316.6	28224.6
Discount 18%				2309.0	74789.5	0.0	77098.5	5627.5	171.9	5799.4		22001.7	19053.3	41055.0	924.3	2509.1	26810.7
Discount 20%				2194.0	70763.9	0.0	72957.9	5242.8	160.8	5403.6		20782.0	17918.6	38700.6	840.1	2104.8	25908.8
Discount 25%				1954.2	62408.6	0.0	64362.8	4453.8	138.2	4592.0		18268.3	15595.7	33864.0	669.7	1400.9	23836.1

Reserve Life	Reserve Half Life	Reserve Life Index	First Year Co Gr. Operating Costs
13.0 years	2.9 years	5.2	$/BOE 3.87

Table D-2B
Production and Price Forecast

Ranch Energy Corporation
Consolidated
Proved Developed Producing

Production Start : 2018-01-01
As Of Date : 2017-12-31

	Light & Medium Oil						Gas					
Year	Gr. Well	Gr. Daily	Gross	Co Grs	Co Net	Price	Gr. Well	Gr. Daily	Gross	Co Grs	Co Net	Price
	Count	Bbl/d	MBbl	MBbl	MBbl	$/Bbl	Count	Mcf/d	MMcf	MMcf	MMcf	$/Mcf
2018	-	30	11.0	10.3	10.3	64.00	90	24874	9079	8512	6702	2.13
2019	-	25	9.1	8.5	8.4	67.42	86	20587	7514	6993	5362	2.47
2020	-	21	7.7	7.1	7.1	69.88	80	17356	6352	5870	4394	2.89
2021	-	18	6.5	6.0	6.0	74.00	75	14795	5400	4956	3674	3.18
2022	-	15	5.6	5.1	5.1	76.24	70	12622	4607	4197	3114	3.37
2023	-	13	4.8	4.3	4.3	78.23	63	10742	3921	3541	2630	3.46
2024	-	11	4.1	3.7	3.7	80.57	60	9341	3419	3066	2284	3.55
2025	-	10	3.5	3.2	3.2	82.93	53	8011	2924	2616	1949	3.63
2026	-	9	3.1	2.8	2.7	85.06	51	7015	2560	2274	1698	3.72
2027	-	7	2.7	2.4	2.3	86.89	44	6025	2199	1946	1452	3.80
2028	-	6	2.3	2.0	2.0	88.71	40	5265	1927	1690	1261	3.89
2029	-	6	2.0	1.8	1.8	90.55	36	4603	1680	1468	1095	3.98
2030	-	5	1.8	1.6	1.6	92.49	34	4092	1494	1295	968	4.07
Total			64.3	58.7	58.4				53077	48426	36582	

	Solution Gas				Ethane				Propane			
Year	Gross	Co Grs	Co Net	Price	Gross	Co Grs	Co Net	Price	Gross	Co Grs	Co Net	Price
	MMcf	MMcf	MMcf	$/Mcf	MBbl	MBbl	MBbl	$/Bbl	MBbl	MBbl	MBbl	$/Bbl
2018	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-	-	-

	Heavy Oil						Bitumen					
Year	Gr. Well	Gr. Daily	Gross	Co Grs	Co Net	Price	Gr. Well	Gr. Daily	Gross	Co Grs	Co Net	Price
	Count	Bbl/d	MBbl	MBbl	MBbl	$/Bbl	Count	Bbl/d	MBbl	MBbl	MBbl	$/Bbl
2018	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-	-	-
Total												

	Sulphur				Butane				Pentane Plus			
Year	Gross	Co Grs	Co Net	Price	Gross	Co Grs	Co Net	Price	Gross	Co Grs	Co Net	Price
	MLt	MLt	MLt	$/Lt	MBbl	MBbl	MBbl	$/Bbl	MBbl	MBbl	MBbl	$/Bbl
2018	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-	-	-

Table D-2B
Summary of Reserves and Net Present Values

Ranch Energy Corporation
Consolidated
Proved Developed Producing

Production Start : 2018-01-01
As Of Date : 2017-12-31

	Revenue						Royalties							
Year	Oil	Gas	NGL	Sulphur	Royalty	Other	Crown	Crown Adj	Production	Resource	MinTax	Opex	Other Exp.	Operating Income
	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
2018	660.4	18131.4	0.0	0.0	0.0	0.0	522.9	0.0	0.0	33.3	0.0	5528.1	4080.0	8627.5
2019	571.5	17271.9	0.0	0.0	0.0	0.0	961.2	0.0	0.0	32.3	0.0	4989.3	4161.6	7699.0
2020	497.2	16965.4	0.0	0.0	0.0	0.0	1430.4	0.0	0.0	34.7	0.0	4620.4	4244.8	7132.3
2021	444.6	15761.6	0.0	0.0	0.0	0.0	1561.1	0.0	0.0	35.4	0.0	4328.8	4329.7	5951.1
2022	387.8	14143.4	0.0	0.0	0.0	0.0	1479.5	0.0	0.0	34.9	0.0	3975.0	2944.2	6097.6
2023	335.8	12252.6	0.0	0.0	0.0	0.0	1289.3	0.0	0.0	33.4	0.0	3548.9	3003.1	4713.6
2024	299.4	10884.8	0.0	0.0	0.0	0.0	1144.0	0.0	0.0	32.0	0.0	3341.0	3063.2	3604.1
2025	263.0	9497.5	0.0	0.0	0.0	0.0	1001.0	0.0	0.0	29.3	0.0	3003.3	3124.4	2602.5
2026	234.5	8459.5	0.0	0.0	0.0	0.0	889.7	0.0	0.0	28.1	0.0	2827.5	3186.9	1761.7
2027	204.9	7393.9	0.0	0.0	0.0	0.0	780.3	0.0	0.0	26.8	0.0	2512.9	2167.1	2111.6
2028	181.7	6572.6	0.0	0.0	0.0	0.0	696.1	0.0	0.0	25.7	0.0	2287.6	2210.4	1534.4
2029	161.2	5844.0	0.0	0.0	0.0	0.0	621.1	0.0	0.0	24.6	0.0	2089.9	2254.7	1014.9
2030	145.2	5272.4	0.0	0.0	0.0	0.0	559.6	0.0	0.0	23.5	0.0	1969.7	2299.7	565.1
2031	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2032	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2033	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2034	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2035	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	4387.2	148451.0	0.0	0.0	0.0	0.0	12936.2	0.0	0.0	394.2	0.0	45022.4	41069.9	53415.5

Year	Other Capital	CEE	CDE	COGPE	Total Capital	Net Revenue	Cum. Net Revenue	AdValorem /Severance	Aband. & Reclaim.	Sask. Tax	Before Tax	BTax Cum.
	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
2018	0.0	0.0	0.0	0.0	0.0	8627.5	8627.5	0.0	0.0	0.0	8627.5	8627.5
2019	0.0	0.0	0.0	0.0	0.0	7699.0	16326.5	0.0	0.0	0.0	7699.0	16326.5
2020	0.0	0.0	0.0	0.0	0.0	7132.3	23458.8	0.0	0.0	0.0	7132.3	23458.8
2021	0.0	0.0	0.0	0.0	0.0	5951.1	29409.9	0.0	0.0	0.0	5951.1	29409.9
2022	1472.1	0.0	0.0	0.0	1472.1	4625.5	34035.4	0.0	0.0	0.0	4625.5	34035.4
2023	0.0	0.0	0.0	0.0	0.0	4713.6	38749.0	0.0	706.6	0.0	4007.0	38042.4
2024	0.0	0.0	0.0	0.0	0.0	3604.1	42353.1	0.0	1081.1	0.0	2522.9	40565.3
2025	0.0	0.0	0.0	0.0	0.0	2602.5	44955.6	0.0	918.9	0.0	1683.6	42248.9
2026	0.0	0.0	0.0	0.0	0.0	1761.7	46717.3	0.0	937.3	0.0	824.4	43073.3
2027	1083.9	0.0	0.0	0.0	1083.9	1027.7	47745.0	0.0	1338.5	0.0	-310.8	42762.5
2028	0.0	0.0	0.0	0.0	0.0	1534.4	49279.4	0.0	585.1	0.0	949.3	43711.8
2029	0.0	0.0	0.0	0.0	0.0	1014.9	50294.3	0.0	1130.3	0.0	-115.4	43596.4
2030	0.0	0.0	0.0	0.0	0.0	565.1	50859.4	0.0	405.8	0.0	159.3	43755.7
2031	0.0	0.0	0.0	0.0	0.0	0.0	50859.4	0.0	1242.5	0.0	-1242.5	42513.1
2032	0.0	0.0	0.0	0.0	0.0	0.0	50859.4	0.0	844.5	0.0	-844.5	41668.7
2033	0.0	0.0	0.0	0.0	0.0	0.0	50859.4	0.0	719.2	0.0	-719.2	40949.5
2034	0.0	0.0	0.0	0.0	0.0	0.0	50859.4	0.0	439.3	0.0	-439.3	40510.2
2035	0.0	0.0	0.0	0.0	0.0	0.0	50859.4	0.0	8444.1	0.0	-8444.1	32066.0
Total	2556.1	0.0	0.0	0.0	2556.1	50859.4		0.0	18793.4	0.0	32066.0	

Table D-2C
Summary of Reserves and Net Present Values

Ranch Energy Corporation
Consolidated
Proved Developed Non-Producing

Production Start : 2018-04-01
As Of Date : 2017-12-31

	Lt Med Oil	Heavy Oil	Bitumen	Synthetic	Tight Oil	Solution Gas	Non-Assoc Assoc Gas	CBM	Shale Gas	Ethane	Propane	Butane	Pentane Plus	Total NGL	Sulphur	Equiv. Oil
	MBbl	MBbl	MBbl	MBbl	MBbl	MMcf	MMcf	MMcf	MMcf	MBbl	MBbl	MBbl	MBbl	MBbl	MLt	MBoe
Gross	4.1	0.0	0.0	0.0	0.0	0	3871	0	0	0.0	0.0	0.0	0.0	0.0	0.0	649.2
Co. Gr.	4.1	0.0	0.0	0.0	0.0	0	3871	0	0	0.0	0.0	0.0	0.0	0.0	0.0	649.2
Co. Net	4.0	0.0	0.0	0.0	0.0	0	3098	0	0	0.0	0.0	0.0	0.0	0.0	0.0	520.3

Year	Oil Comp. Gross	Gas Comp. Gross	BOE Comp. Gross	Oil Revenue	Gas Revenue	Other Revenue	Total Revenue	Total Crown	Non-Crown	Total Royalty	Royalty	Opex	Other Exp.	Total Expenses	Total Capital	Aband. & Reclaim.	BTax Cash Flow
	bbl/d	Mcf/d	boe/d	M$	M$	M$	M$	M$	M$	M$	%	M$	M$	M$	M$	M$	M$
2018	3.6	3125	524.4	70.8	2036.5	0.0	2107.3	55.5	7.1	62.6	3.0	476.6	0.0	476.6	390.0	0.0	1178.1
2019	2.3	2312	387.7	57.7	2084.4	0.0	2142.0	103.6	4.8	108.4	5.1	514.5	0.0	514.5	0.0	0.0	1519.1
2020	1.5	1494	250.5	37.9	1580.3	0.0	1618.2	114.3	1.7	115.9	7.2	391.4	0.0	391.4	0.0	0.0	1110.8
2021	1.0	1038	174.0	27.4	1204.7	0.0	1232.1	96.9	0.0	96.9	7.9	308.3	0.0	308.3	0.0	0.0	826.9
2022	0.7	759	127.2	20.5	933.2	0.0	953.7	76.4	0.0	76.4	8.0	246.8	0.0	246.8	0.0	0.0	630.5
2023	0.6	581	97.3	16.0	733.3	0.0	749.3	57.9	0.0	57.9	7.7	206.6	0.0	206.6	0.0	176.7	308.2
2024	0.5	465	78.0	13.3	604.6	0.0	618.0	45.2	0.0	45.2	7.3	185.0	0.0	185.0	0.0	540.6	-152.8
2025	0.4	379	63.5	11.2	501.8	0.0	513.0	35.7	0.0	35.7	7.0	165.3	0.0	165.3	0.0	1102.7	-790.8
2026	0.3	258	43.3	8.8	350.8	0.0	359.6	25.2	0.0	25.2	7.0	104.2	0.0	104.2	0.0	562.4	-332.2
2027	0.3	209	35.1	8.0	289.8	0.0	297.8	19.7	0.0	19.7	6.6	95.4	0.0	95.4	0.0	382.4	-199.8
2028	0.2	177	29.8	7.0	252.5	0.0	259.5	17.3	0.0	17.3	6.7	79.1	0.0	79.1	0.0	195.0	-31.9
2029	0.2	161	27.0	6.5	234.0	0.0	240.5	15.4	0.0	15.4	6.4	78.7	0.0	78.7	0.0	198.9	-52.5
2030	0.2	147	24.6	6.0	217.9	0.0	223.9	13.7	0.0	13.7	6.1	78.5	0.0	78.5	0.0	608.8	-477.1
2031	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	207.0	-207.0
2032	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	211.1	-211.1
2033	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2034	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2035	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	896.2	-896.2
Total				291.0	11023.9	0.0	11314.9	676.6	13.6	690.2		2930.4	0.0	2930.4	390.0	5081.8	2222.5
Discount 5%				247.4	9252.3	0.0	9499.7	552.3	12.9	565.2		2417.7	0.0	2417.7	385.8	3059.7	3071.3
Discount 10%				216.0	7975.3	0.0	8191.3	463.2	12.3	475.4		2054.9	0.0	2054.9	381.9	1942.5	3336.7
Discount 12%				205.8	7561.4	0.0	7767.2	434.4	12.0	446.4		1938.7	0.0	1938.7	380.3	1640.0	3361.7
Discount 15%				192.5	7019.5	0.0	7212.0	396.9	11.7	408.6		1787.9	0.0	1787.9	378.1	1287.3	3350.1
Discount 18%				181.0	6555.1	0.0	6736.1	364.9	11.4	376.3		1659.8	0.0	1659.8	376.0	1023.1	3300.9
Discount 20%				174.2	6280.9	0.0	6455.1	346.2	11.2	357.4		1584.7	0.0	1584.7	374.6	883.4	3255.2
Discount 25%				159.7	5694.6	0.0	5854.3	306.3	10.7	317.1		1425.5	0.0	1425.5	371.2	623.8	3116.6

Reserve Life	Reserve Half Life	Reserve Life Index	First Year Co Gr. Operating Costs
12.8 years	1.8 years	2.4	$/BOE 3.06

Table D-2C
Production and Price Forecast

Ranch Energy Corporation
Consolidated
Proved Developed Non-Producing

Production Start : 2018-04-01
As Of Date : 2017-12-31

	Light & Medium Oil						Gas					
Year	Gr. Well	Gr. Daily	Gross	Co Grs	Co Net	Price	Gr. Well	Gr. Daily	Gross	Co Grs	Co Net	Price
	Count	Bbl/d	MBbl	MBbl	MBbl	$/Bbl	Count	Mcf/d	MMcf	MMcf	MMcf	$/Mcf
2018	-	4	1.1	1.1	1.1	64.00	26	3477	956	956	762	2.13
2019	-	2	0.9	0.9	0.9	67.42	25	2312	844	844	667	2.47
2020	-	1	0.5	0.5	0.5	69.88	22	1494	547	547	429	2.89
2021	-	1	0.4	0.4	0.4	74.00	16	1038	379	379	300	3.18
2022	-	1	0.3	0.3	0.3	76.24	13	759	277	277	222	3.37
2023	-	1	0.2	0.2	0.2	78.23	11	581	212	212	171	3.46
2024	-	0	0.2	0.2	0.2	80.57	10	465	170	170	140	3.55
2025	-	0	0.1	0.1	0.1	82.93	9	379	138	138	115	3.63
2026	-	0	0.1	0.1	0.1	85.06	6	258	94	94	78	3.72
2027	-	0	0.1	0.1	0.1	86.89	5	209	76	76	64	3.80
2028	-	0	0.1	0.1	0.1	88.71	4	177	65	65	54	3.89
2029	-	0	0.1	0.1	0.1	90.55	4	161	59	59	50	3.98
2030	-	0	0.1	0.1	0.1	92.49	4	147	54	54	46	4.07
Total			4.1	4.1	4.0				3871	3871	3098	

	Solution Gas				Ethane				Propane			
Year	Gross	Co Grs	Co Net	Price	Gross	Co Grs	Co Net	Price	Gross	Co Grs	Co Net	Price
	MMcf	MMcf	MMcf	$/Mcf	MBbl	MBbl	MBbl	$/Bbl	MBbl	MBbl	MBbl	$/Bbl
2018	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-	-	-
Total												

	Heavy Oil						Bitumen					
Year	Gr. Well	Gr. Daily	Gross	Co Grs	Co Net	Price	Gr. Well	Gr. Daily	Gross	Co Grs	Co Net	Price
	Count	Bbl/d	MBbl	MBbl	MBbl	$/Bbl	Count	Bbl/d	MBbl	MBbl	MBbl	$/Bbl
2018	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-	-	-
Total												

	Sulphur				Butane				Pentane Plus			
Year	Gross	Co Grs	Co Net	Price	Gross	Co Grs	Co Net	Price	Gross	Co Grs	Co Net	Price
	MLt	MLt	MLt	$/Lt	MBbl	MBbl	MBbl	$/Bbl	MBbl	MBbl	MBbl	$/Bbl
2018	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-	-	-
Total												

Table D-2C | Ranch Energy Corporation | Production Start : 2018-04-01
Summary of Reserves and Net Present Values | Consolidated | As Of Date : 2017-12-31

Proved Developed Non-Producing

Year	Revenue Oil	Revenue Gas	Revenue NGL	Revenue Sulphur	Revenue Royalty	Revenue Other	Royalties Crown	Royalties Crown Adj	Royalties Production	Royalties Resource	Royalties MinTax	Opex	Other Exp.	Operating Income
	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
2018	70.8	2036.5	0.0	0.0	0.0	0.0	55.5	0.0	0.0	7.1	0.0	476.6	0.0	1568.1
2019	57.7	2084.4	0.0	0.0	0.0	0.0	103.6	0.0	0.0	4.8	0.0	514.5	0.0	1519.1
2020	37.9	1580.3	0.0	0.0	0.0	0.0	114.3	0.0	0.0	1.7	0.0	391.4	0.0	1110.8
2021	27.4	1204.7	0.0	0.0	0.0	0.0	96.9	0.0	0.0	0.0	0.0	308.3	0.0	826.9
2022	20.5	933.2	0.0	0.0	0.0	0.0	76.4	0.0	0.0	0.0	0.0	246.8	0.0	630.5
2023	16.0	733.3	0.0	0.0	0.0	0.0	57.9	0.0	0.0	0.0	0.0	206.6	0.0	484.9
2024	13.3	604.6	0.0	0.0	0.0	0.0	45.2	0.0	0.0	0.0	0.0	185.0	0.0	387.8
2025	11.2	501.8	0.0	0.0	0.0	0.0	35.7	0.0	0.0	0.0	0.0	165.3	0.0	311.9
2026	8.8	350.8	0.0	0.0	0.0	0.0	25.2	0.0	0.0	0.0	0.0	104.2	0.0	230.2
2027	8.0	289.8	0.0	0.0	0.0	0.0	19.7	0.0	0.0	0.0	0.0	95.4	0.0	182.7
2028	7.0	252.5	0.0	0.0	0.0	0.0	17.3	0.0	0.0	0.0	0.0	79.1	0.0	163.2
2029	6.5	234.0	0.0	0.0	0.0	0.0	15.4	0.0	0.0	0.0	0.0	78.7	0.0	146.4
2030	6.0	217.9	0.0	0.0	0.0	0.0	13.7	0.0	0.0	0.0	0.0	78.5	0.0	131.7
2031	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2032	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2033	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2034	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2035	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	291.0	11023.9	0.0	0.0	0.0	0.0	676.6	0.0	0.0	13.6	0.0	2930.4	0.0	7694.3

Year	Other Capital	CEE	CDE	COGPE	Total Capital	Net Revenue	Cum. Net Revenue	AdValorem /Severance	Aband. & Reclaim.	Sask. Tax	Before Tax	BTax Cum.
	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
2018	0.0	0.0	390.0	0.0	390.0	1178.1	1178.1	0.0	0.0	0.0	1178.1	1178.1
2019	0.0	0.0	0.0	0.0	0.0	1519.1	2697.3	0.0	0.0	0.0	1519.1	2697.3
2020	0.0	0.0	0.0	0.0	0.0	1110.8	3808.1	0.0	0.0	0.0	1110.8	3808.1
2021	0.0	0.0	0.0	0.0	0.0	826.9	4635.0	0.0	0.0	0.0	826.9	4635.0
2022	0.0	0.0	0.0	0.0	0.0	630.5	5265.6	0.0	0.0	0.0	630.5	5265.6
2023	0.0	0.0	0.0	0.0	0.0	484.9	5750.4	0.0	176.7	0.0	308.2	5573.8
2024	0.0	0.0	0.0	0.0	0.0	387.8	6138.2	0.0	540.6	0.0	-152.8	5421.0
2025	0.0	0.0	0.0	0.0	0.0	311.9	6450.2	0.0	1102.7	0.0	-790.8	4630.2
2026	0.0	0.0	0.0	0.0	0.0	230.2	6680.3	0.0	562.4	0.0	-332.2	4298.0
2027	0.0	0.0	0.0	0.0	0.0	182.7	6863.0	0.0	382.4	0.0	-199.8	4098.2
2028	0.0	0.0	0.0	0.0	0.0	163.2	7026.2	0.0	195.0	0.0	-31.9	4066.4
2029	0.0	0.0	0.0	0.0	0.0	146.4	7172.6	0.0	198.9	0.0	-52.5	4013.8
2030	0.0	0.0	0.0	0.0	0.0	131.7	7304.3	0.0	608.8	0.0	-477.1	3536.8
2031	0.0	0.0	0.0	0.0	0.0	0.0	7304.3	0.0	207.0	0.0	-207.0	3329.8
2032	0.0	0.0	0.0	0.0	0.0	0.0	7304.3	0.0	211.1	0.0	-211.1	3118.7
2033	0.0	0.0	0.0	0.0	0.0	0.0	7304.3	0.0	0.0	0.0	0.0	3118.7
2034	0.0	0.0	0.0	0.0	0.0	0.0	7304.3	0.0	0.0	0.0	0.0	3118.7
2035	0.0	0.0	0.0	0.0	0.0	0.0	7304.3	0.0	896.2	0.0	-896.2	2222.5
Total	0.0	0.0	390.0	0.0	390.0	7304.3		0.0	5081.8	0.0	2222.5	

Table D-2D
Summary of Reserves and Net Present Values

Ranch Energy Corporation
Consolidated
Proved Undeveloped

Production Start : 2018-07-01
As Of Date : 2017-12-31

	Lt Med Oil	Heavy Oil	Bitumen	Synthetic	Tight Oil	Solution Gas	Non-Assoc Assoc Gas	CBM	Shale Gas	Ethane	Propane	Butane	Pentane Plus	Total NGL	Sulphur	Equiv. Oil
	MBbl	MBbl	MBbl	MBbl	MBbl	MMcf	MMcf	MMcf	MMcf	MBbl	MBbl	MBbl	MBbl	MBbl	MLt	MBoe
Gross	0.0	0.0	0.0	0.0	0.0	0	27269	0	0	0.0	0.0	0.0	0.0	0.0	0.0	4544.8
Co. Gr.	0.0	0.0	0.0	0.0	0.0	0	27269	0	0	0.0	0.0	0.0	0.0	0.0	0.0	4544.8
Co. Net	0.0	0.0	0.0	0.0	0.0	0	22923	0	0	0.0	0.0	0.0	0.0	0.0	0.0	3820.4

Year	Oil Comp. Gross	Gas Comp. Gross	BOE Comp. Gross	Oil Revenue	Gas Revenue	Other Revenue	Total Revenue	Total Crown	Non-Crown	Total Royalty	Royalty	Opex	Other Exp.	Total Expenses	Total Capital	Aband. & Reclaim.	BTax Cash Flow
	bbl/d	Mcf/d	boe/d	M$	M$	M$	M$	M$	M$	M$	%	M$	M$	M$	M$	M$	M$
2018	0.0	3212	535.4	0.0	1464.2	0.0	1464.2	42.8	0.0	42.8	2.9	94.5	0.0	94.5	8600.0	0.0	-7273.1
2019	0.0	7329	1221.5	0.0	6607.3	0.0	6607.3	376.3	0.0	376.3	5.7	382.5	0.0	382.5	21930.0	0.0	-16081.4
2020	0.0	8957	1492.9	0.0	9474.4	0.0	9474.4	568.5	0.0	568.5	6.0	496.7	0.0	496.7	0.0	0.0	8409.2
2021	0.0	7215	1202.6	0.0	8374.9	0.0	8374.9	502.5	0.0	502.5	6.0	424.5	0.0	424.5	0.0	0.0	7447.9
2022	0.0	6221	1036.8	0.0	7651.9	0.0	7651.9	459.1	0.0	459.1	6.0	385.9	1472.1	1858.0	-1472.1	0.0	6806.9
2023	0.0	5536	922.6	0.0	6991.0	0.0	6991.0	419.5	0.0	419.5	6.0	360.4	1501.5	1862.0	0.0	0.0	4709.5
2024	0.0	4980	830.0	0.0	6470.7	0.0	6470.7	388.2	0.0	388.2	6.0	340.9	0.0	340.9	1531.6	0.0	4209.9
2025	0.0	4496	749.3	0.0	5956.4	0.0	5956.4	357.4	0.0	357.4	6.0	322.7	0.0	322.7	0.0	0.0	5276.4
2026	0.0	4071	678.5	0.0	5527.8	0.0	5527.8	331.7	0.0	331.7	6.0	307.3	0.0	307.3	0.0	0.0	4888.8
2027	0.0	3697	616.2	0.0	5128.3	0.0	5128.3	307.7	0.0	307.7	6.0	293.9	1083.6	1377.5	-1083.9	0.0	4527.1
2028	0.0	3367	561.1	0.0	4793.2	0.0	4793.2	287.6	0.0	287.6	6.0	282.6	1105.2	1387.9	0.0	0.0	3117.8
2029	0.0	3073	512.2	0.0	4464.6	0.0	4464.6	267.9	0.0	267.9	6.0	271.8	1127.3	1399.1	0.0	0.0	2797.6
2030	0.0	2813	468.8	0.0	4178.4	0.0	4178.4	250.7	0.0	250.7	6.0	262.8	0.0	262.8	1150.3	0.0	2514.7
2031	0.0	2580	430.0	0.0	3908.3	0.0	3908.3	234.5	0.0	234.5	6.0	254.9	2345.7	2600.6	0.0	0.0	1073.2
2032	0.0	2372	395.3	0.0	3671.8	0.0	3671.8	220.3	0.0	220.3	6.0	248.3	2392.7	2640.9	0.0	0.0	810.6
2033	0.0	2185	364.1	0.0	3444.7	0.0	3444.7	206.7	0.0	206.7	6.0	241.8	2440.5	2682.3	0.0	0.0	555.7
2034	0.0	2016	336.1	0.0	3245.8	0.0	3245.8	194.7	0.0	194.7	6.0	236.6	2489.3	2725.9	0.0	0.0	325.2
2035	0.0	1865	310.8	0.0	3062.9	0.0	3062.9	183.8	0.0	183.8	6.0	232.0	2539.1	2771.1	0.0	-1862.3	1970.4
2036	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2037	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sub Total				0.0	94416.6	0.0	94416.6	5599.8	0.0	5599.8		5440.1	18497.1	23937.2	30655.8	-1862.3	36086.1
3 Years				0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	3787.7	-3787.7
Total				0.0	94416.6	0.0	94416.6	5599.8	0.0	5599.8		5440.1	18497.1	23937.2	30655.8	1925.3	32298.5
Discount	5%			0.0	66079.0	0.0	66079.0	3902.7	0.0	3902.7		3727.5	10050.9	13778.4	28716.5	470.6	19210.9
Discount	10%			0.0	49124.1	0.0	49124.1	2888.2	0.0	2888.2		2729.1	5870.9	8600.0	27104.8	92.3	10438.8
Discount	12%			0.0	44238.3	0.0	44238.3	2596.1	0.0	2596.1		2446.3	4826.8	7273.1	26526.1	39.4	7803.6
Discount	15%			0.0	38280.5	0.0	38280.5	2240.1	0.0	2240.1		2105.0	3668.5	5773.5	25714.3	1.8	4550.8
Discount	18%			0.0	33561.1	0.0	33561.1	1958.4	0.0	1958.4		1837.8	2849.6	4687.4	24960.7	-11.4	1966.1
Discount	20%			0.0	30938.1	0.0	30938.1	1801.9	0.0	1801.9		1690.5	2435.2	4125.7	24486.4	-14.0	538.1
Discount	25%			0.0	25722.1	0.0	25722.1	1491.1	0.0	1491.1		1400.6	1703.0	3103.7	23385.8	-12.5	-2245.9

Reserve Life	Reserve Half Life	Reserve Life Index	Before Tax Payout	First Year Co Gr. Operating Costs
17.5 years	5.4 years	17.8	4.9 years	$/BOE 0.84

Table D-2D
Production and Price Forecast

Ranch Energy Corporation
Consolidated
Proved Undeveloped

Production Start : 2018-07-01
As Of Date : 2017-12-31

Year	Light & Medium Oil Gr. Well Count	Gr. Daily Bbl/d	Gross MBbl	Co Grs MBbl	Co Net MBbl	Price $/Bbl
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
Total						

Year	Gas Gr. Well Count	Gr. Daily Mcf/d	Gross MMcf	Co Grs MMcf	Co Net MMcf	Price $/Mcf
2018	2	3736	687	687	540	2.13
2019	7	7329	2675	2675	2041	2.47
2020	7	8957	3278	3278	2696	2.89
2021	7	7215	2634	2634	2224	3.18
2022	7	6221	2271	2271	1937	3.37
2023	7	5536	2021	2021	1727	3.46
2024	7	4980	1823	1823	1560	3.55
2025	7	4496	1641	1641	1405	3.63
2026	7	4071	1486	1486	1274	3.72
2027	7	3697	1350	1350	1157	3.80
2028	7	3367	1232	1232	1058	3.89
2029	7	3073	1122	1122	963	3.98
2030	7	2813	1027	1027	882	4.07
2031	7	2580	942	942	809	4.15
2032	7	2372	868	868	746	4.23
2033	7	2185	797	797	685	4.32
2034	7	2016	736	736	633	4.41
2035	7	1865	681	681	585	4.50
Total			27269	27269	22923	

Year	Solution Gas Gross MMcf	Co Grs MMcf	Co Net MMcf	Price $/Mcf	Ethane Gross MBbl	Co Grs MBbl	Co Net MBbl	Price $/Bbl	Propane Gross MBbl	Co Grs MBbl	Co Net MBbl	Price $/Bbl
2018	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-
Total												

Year	Heavy Oil Gr. Well Count	Gr. Daily Bbl/d	Gross MBbl	Co Grs MBbl	Co Net MBbl	Price $/Bbl	Bitumen Gr. Well Count	Gr. Daily Bbl/d	Gross MBbl	Co Grs MBbl	Co Net MBbl	Price $/Bbl
2018	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-
Total												

Year	Sulphur Gross MLt	Co Grs MLt	Co Net MLt	Price $/Lt	Butane Gross MBbl	Co Grs MBbl	Co Net MBbl	Price $/Bbl	Pentane Plus Gross MBbl	Co Grs MBbl	Co Net MBbl	Price $/Bbl
2018	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-
Total												

Table D-2D
Summary of Reserves and Net Present Values

Ranch Energy Corporation
Consolidated
Proved Undeveloped

Production Start : 2018-07-01
As Of Date : 2017-12-31

Year	Revenue Oil	Revenue Gas	Revenue NGL	Revenue Sulphur	Revenue Royalty	Revenue Other	Royalties Crown	Royalties Crown Adj	Royalties Production	Royalties Resource	Royalties MinTax	Opex	Other Exp.	Operating Income
	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
2018	0.0	1464.2	0.0	0.0	0.0	0.0	42.8	0.0	0.0	0.0	0.0	94.5	0.0	1326.9
2019	0.0	6607.3	0.0	0.0	0.0	0.0	376.3	0.0	0.0	0.0	0.0	382.5	0.0	5848.6
2020	0.0	9474.4	0.0	0.0	0.0	0.0	568.5	0.0	0.0	0.0	0.0	496.7	0.0	8409.2
2021	0.0	8374.9	0.0	0.0	0.0	0.0	502.5	0.0	0.0	0.0	0.0	424.5	0.0	7447.9
2022	0.0	7651.9	0.0	0.0	0.0	0.0	459.1	0.0	0.0	0.0	0.0	385.9	1472.1	5334.8
2023	0.0	6991.0	0.0	0.0	0.0	0.0	419.5	0.0	0.0	0.0	0.0	360.4	1501.5	4709.5
2024	0.0	6470.7	0.0	0.0	0.0	0.0	388.2	0.0	0.0	0.0	0.0	340.9	0.0	5741.5
2025	0.0	5956.4	0.0	0.0	0.0	0.0	357.4	0.0	0.0	0.0	0.0	322.7	0.0	5276.4
2026	0.0	5527.8	0.0	0.0	0.0	0.0	331.7	0.0	0.0	0.0	0.0	307.3	0.0	4888.8
2027	0.0	5128.3	0.0	0.0	0.0	0.0	307.7	0.0	0.0	0.0	0.0	293.9	1083.6	3443.1
2028	0.0	4793.2	0.0	0.0	0.0	0.0	287.6	0.0	0.0	0.0	0.0	282.6	1105.2	3117.8
2029	0.0	4464.6	0.0	0.0	0.0	0.0	267.9	0.0	0.0	0.0	0.0	271.8	1127.3	2797.6
2030	0.0	4178.4	0.0	0.0	0.0	0.0	250.7	0.0	0.0	0.0	0.0	262.8	0.0	3664.9
2031	0.0	3908.3	0.0	0.0	0.0	0.0	234.5	0.0	0.0	0.0	0.0	254.9	2345.7	1073.2
2032	0.0	3671.8	0.0	0.0	0.0	0.0	220.3	0.0	0.0	0.0	0.0	248.3	2392.7	810.6
2033	0.0	3444.7	0.0	0.0	0.0	0.0	206.7	0.0	0.0	0.0	0.0	241.8	2440.5	555.7
2034	0.0	3245.8	0.0	0.0	0.0	0.0	194.7	0.0	0.0	0.0	0.0	236.6	2489.3	325.2
2035	0.0	3062.9	0.0	0.0	0.0	0.0	183.8	0.0	0.0	0.0	0.0	232.0	2539.1	108.1
2036	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2037	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sub Total	0.0	94416.6	0.0	0.0	0.0	0.0	5599.8	0.0	0.0	0.0	0.0	5440.1	18497.1	64879.6
3 Years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.0	94416.6	0.0	0.0	0.0	0.0	5599.8	0.0	0.0	0.0	0.0	5440.1	18497.1	64879.6

Year	Other Capital	CEE	CDE	COGPE	Total Capital	Net Revenue	Cum. Net Revenue	AdValorem /Severance	Aband. & Reclaim.	Sask. Tax	Before Tax	BTax Cum.
	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
2018	600.0	0.0	8000.0	0.0	8600.0	-7273.1	-7273.1	0.0	0.0	0.0	-7273.1	-7273.1
2019	1530.0	0.0	20400.0	0.0	21930.0	-16081.4	-23354.5	0.0	0.0	0.0	-16081.4	-23354.5
2020	0.0	0.0	0.0	0.0	0.0	8409.2	-14945.3	0.0	0.0	0.0	8409.2	-14945.3
2021	0.0	0.0	0.0	0.0	0.0	7447.9	-7497.4	0.0	0.0	0.0	7447.9	-7497.4
2022	-1472.1	0.0	0.0	0.0	-1472.1	6806.9	-690.6	0.0	0.0	0.0	6806.9	-690.6
2023	0.0	0.0	0.0	0.0	0.0	4709.5	4019.0	0.0	0.0	0.0	4709.5	4019.0
2024	1531.6	0.0	0.0	0.0	1531.6	4209.9	8228.9	0.0	0.0	0.0	4209.9	8228.9
2025	0.0	0.0	0.0	0.0	0.0	5276.4	13505.3	0.0	0.0	0.0	5276.4	13505.3
2026	0.0	0.0	0.0	0.0	0.0	4888.8	18394.1	0.0	0.0	0.0	4888.8	18394.1
2027	-1083.9	0.0	0.0	0.0	-1083.9	4527.1	22921.2	0.0	0.0	0.0	4527.1	22921.2
2028	0.0	0.0	0.0	0.0	0.0	3117.8	26038.9	0.0	0.0	0.0	3117.8	26038.9
2029	0.0	0.0	0.0	0.0	0.0	2797.6	28836.5	0.0	0.0	0.0	2797.6	28836.5
2030	1150.3	0.0	0.0	0.0	1150.3	2514.7	31351.2	0.0	0.0	0.0	2514.7	31351.2
2031	0.0	0.0	0.0	0.0	0.0	1073.2	32424.3	0.0	0.0	0.0	1073.2	32424.3
2032	0.0	0.0	0.0	0.0	0.0	810.6	33234.9	0.0	0.0	0.0	810.6	33234.9
2033	0.0	0.0	0.0	0.0	0.0	555.7	33790.5	0.0	0.0	0.0	555.7	33790.5
2034	0.0	0.0	0.0	0.0	0.0	325.2	34115.7	0.0	0.0	0.0	325.2	34115.7
2035	0.0	0.0	0.0	0.0	0.0	108.1	34223.8	0.0	-1862.3	0.0	1970.4	36086.1
2036	0.0	0.0	0.0	0.0	0.0	0.0	34223.8	0.0	0.0	0.0	0.0	36086.1
2037	0.0	0.0	0.0	0.0	0.0	0.0	34223.8	0.0	0.0	0.0	0.0	36086.1
Sub Total	2255.8	0.0	28400.0	0.0	30655.8	34223.8		0.0	-1862.3	0.0	36086.1	
3 Years	0.0	0.0	0.0	0.0	0.0	0.0		0.0	3787.7	0.0	-3787.7	
Total	2255.8	0.0	28400.0	0.0	30655.8	34223.8		0.0	1925.3	0.0	32298.5	

Table D-2E
Summary of Reserves and Net Present Values

Ranch Energy Corporation
Consolidated
Total Probable

Production Start : 2018-01-01
As Of Date : 2017-12-31

	Lt Med Oil	Heavy Oil	Bitumen	Synthetic	Tight Oil	Solution Gas	Non-Assoc Assoc Gas	CBM	Shale Gas	Ethane	Propane	Butane	Pentane Plus	Total NGL	Sulphur	Equiv. Oil
	MBbl	MBbl	MBbl	MBbl	MBbl	MMcf	MMcf	MMcf	MMcf	MBbl	MBbl	MBbl	MBbl	MBbl	MLt	MBoe
Gross	16.6	0.0	0.0	0.0	0.0	0	32603	0	0	0.0	0.0	0.0	0.0	0.0	0.0	5450.5
Co. Gr.	15.3	0.0	0.0	0.0	0.0	0	31502	0	0	0.0	0.0	0.0	0.0	0.0	0.0	5265.7
Co. Net	15.2	0.0	0.0	0.0	0.0	0	25420	0	0	0.0	0.0	0.0	0.0	0.0	0.0	4251.9

Year	Oil Comp. Gross	Gas Comp. Gross	BOE Comp. Gross	Oil Revenue	Gas Revenue	Other Revenue	Total Revenue	Total Crown	Non-Crown	Total Royalty	Royalty	Opex	Other Exp.	Total Expenses	Total Capital	Aband. & Reclaim.	BTax Cash Flow
	bbl/d	Mcf/d	boe/d	M$	M$	M$	M$	M$	M$	M$	%	M$	M$	M$	M$	M$	M$
2018	1.0	1734	289.9	22.9	1347.8	0.0	1370.7	39.5	0.9	40.4	2.9	216.1	0.0	216.1	15.0	0.0	1099.2
2019	1.8	5110	853.5	44.8	4607.2	0.0	4652.0	258.8	3.0	261.8	5.6	514.2	0.0	514.2	0.0	0.0	3876.1
2020	2.1	6154	1027.8	53.8	6509.6	0.0	6563.4	433.0	3.5	436.5	6.7	626.1	0.0	626.1	0.0	0.0	5500.8
2021	2.2	5408	903.5	60.0	6276.9	0.0	6337.0	464.5	2.9	467.3	7.4	623.6	0.0	623.6	0.0	0.0	5246.0
2022	2.3	4971	830.7	63.4	6114.4	0.0	6177.8	475.3	1.9	477.3	7.7	633.6	0.0	633.6	0.0	0.0	5066.9
2023	2.4	4759	795.6	68.9	6010.5	0.0	6079.5	471.4	2.3	473.7	7.8	777.0	0.0	777.0	0.0	-530.0	5358.8
2024	2.2	4336	724.9	65.0	5633.9	0.0	5698.9	451.5	2.7	454.2	8.0	630.8	1531.6	2162.4	-1531.6	-540.6	5154.4
2025	2.1	4071	680.6	65.0	5393.5	0.0	5458.5	435.3	4.2	439.5	8.1	636.5	1562.2	2198.8	0.0	-183.8	3004.0
2026	2.0	3801	635.5	62.4	5161.1	0.0	5223.5	425.6	3.3	429.0	8.2	544.1	0.0	544.1	1593.5	-187.5	2844.5
2027	2.2	3762	629.2	68.5	5218.3	0.0	5286.7	428.3	3.7	432.0	8.2	771.7	0.0	771.7	0.0	-573.6	4656.8
2028	2.2	3607	603.4	70.5	5135.7	0.0	5206.2	421.3	4.0	425.3	8.2	873.1	0.0	873.1	0.0	585.1	3322.7
2029	2.0	3320	555.3	66.1	4822.8	0.0	4888.9	400.1	4.2	404.3	8.3	785.6	0.0	785.6	0.0	63.3	3635.6
2030	1.7	2941	491.9	59.0	4369.1	0.0	4428.1	369.6	4.5	374.1	8.4	559.3	1149.9	1709.2	-1150.3	544.2	2950.9
2031	5.7	6098	1022.1	197.7	9237.5	0.0	9435.2	874.9	27.2	902.2	9.6	2583.5	1172.9	3756.4	0.0	-1035.6	5812.2
2032	5.1	5511	923.7	181.7	8532.8	0.0	8714.4	808.2	26.5	834.7	9.6	2384.0	1196.3	3580.3	0.0	-422.2	4721.7
2033	4.7	5030	843.0	168.0	7931.2	0.0	8099.1	751.9	25.7	777.6	9.6	2247.2	0.0	2247.2	1220.7	573.6	3280.1
2034	0.0	1089	181.5	0.0	1752.9	0.0	1752.9	105.2	0.0	105.2	6.0	65.5	0.0	65.5	0.0	878.6	703.7
2035	0.0	1013	168.9	0.0	1664.2	0.0	1664.2	99.9	0.0	99.9	6.0	62.1	0.0	62.1	0.0	-7253.9	8756.1
2036	0.0	2671	445.2	0.0	4497.6	0.0	4497.6	269.9	0.0	269.9	6.0	287.5	2589.9	2877.4	0.0	991.7	358.6
2037	0.0	2484	414.0	0.0	4260.9	0.0	4260.9	255.7	0.0	255.7	6.0	280.9	2641.7	2922.5	0.0	699.3	383.4
Sub Total				1317.6	104477.8	0.0	105795.4	8239.8	120.7	8360.4		16102.3	11844.4	27946.7	147.3	-6391.4	75732.4
9 Years				0.0	15112.4	0.0	15112.4	906.7	0.0	906.7		1075.2	11105.7	12180.9	0.0	8175.8	-6151.1
Total				1317.6	119590.2	0.0	120907.8	9146.5	120.7	9267.2		17177.5	22950.2	40127.6	147.3	1784.4	69581.3
Discount	5%			825.1	71731.0	0.0	72556.1	5471.0	68.4	5539.5		10107.1	9888.9	19996.0	-100.0	-597.6	47718.2
Discount	10%			554.6	47798.7	0.0	48353.3	3597.7	41.7	3639.4		6496.0	4787.6	11283.6	-171.6	-847.3	34449.2
Discount	12%			481.8	41616.4	0.0	42098.2	3110.1	34.9	3145.0		5564.4	3696.3	9260.7	-178.6	-805.7	30676.8
Discount	15%			396.9	34528.7	0.0	34925.7	2550.1	27.3	2577.4		4505.3	2587.2	7092.5	-177.7	-707.6	26141.1
Discount	18%			333.4	29271.7	0.0	29605.1	2134.9	21.9	2156.7		3731.9	1874.3	5606.2	-168.9	-603.6	22614.7
Discount	20%			299.6	26487.4	0.0	26787.1	1915.4	19.1	1934.6		3329.0	1538.1	4867.2	-160.9	-539.5	20685.7
Discount	25%			236.4	21240.9	0.0	21477.3	1504.2	14.2	1518.4		2589.1	987.6	3576.7	-137.9	-405.9	16926.0

Reserve Life	Reserve Half Life	Reserve Life Index	First Year Co Gr. Operating Costs
24.0 years	8.3 years	962.7	$/BOE 2.04

Table D-2E
Production and Price Forecast

Ranch Energy Corporation
Consolidated
Total Probable

Production Start : 2018-01-01
As Of Date : 2017-12-31

	Light & Medium Oil						Gas					
Year	Gr. Well	Gr. Daily	Gross	Co Grs	Co Net	Price	Gr. Well	Gr. Daily	Gross	Co Grs	Co Net	Price
	Count	Bbl/d	MBbl	MBbl	MBbl	$/Bbl	Count	Mcf/d	MMcf	MMcf	MMcf	$/Mcf
2018	-	1	0.4	0.4	0.4	64.00	4	1743	636	633	497	2.13
2019	-	2	0.7	0.7	0.7	67.42	8	5137	1875	1865	1428	2.47
2020	-	2	0.8	0.8	0.8	69.88	10	6197	2268	2252	1808	2.89
2021	-	2	0.8	0.8	0.8	74.00	9	5465	1995	1974	1595	3.18
2022	-	2	0.9	0.8	0.8	76.24	10	5041	1840	1814	1469	3.37
2023	-	3	0.9	0.9	0.9	78.23	13	4841	1767	1737	1407	3.46
2024	-	2	0.8	0.8	0.8	80.57	10	4428	1621	1587	1281	3.55
2025	-	2	0.9	0.8	0.8	82.93	11	4223	1541	1486	1198	3.63
2026	-	2	0.8	0.7	0.7	85.06	7	3905	1425	1387	1115	3.72
2027	-	2	0.9	0.8	0.8	86.89	13	3909	1427	1373	1105	3.80
2028	-	2	0.9	0.8	0.8	88.71	15	3756	1375	1320	1064	3.89
2029	-	2	0.8	0.7	0.7	90.55	12	3457	1262	1212	974	3.98
2030	-	2	0.7	0.6	0.6	92.49	8	3080	1124	1073	860	4.07
2031	-	7	2.4	2.1	2.1	94.42	45	6747	2463	2226	1725	4.15
2032	-	6	2.1	1.9	1.9	96.41	40	6104	2234	2017	1563	4.23
2033	-	5	2.0	1.7	1.7	98.43	37	5594	2042	1836	1422	4.32
2034	-	-	-	-	-	-	-	1089	397	397	342	4.41
2035	-	-	-	-	-	-	-	1013	370	370	318	4.50
2036	-	-	-	-	-	-	7	2671	978	978	841	4.60
2037	-	-	-	-	-	-	7	2484	907	907	780	4.70
Sub Tot									29546	28445	22789	
4 Years									3057	3057	2631	
Total			16.6	15.3	15.2				32603	31502	25420	

	Solution Gas				Ethane				Propane			
Year	Gross	Co Grs	Co Net	Price	Gross	Co Grs	Co Net	Price	Gross	Co Grs	Co Net	Price
	MMcf	MMcf	MMcf	$/Mcf	MBbl	MBbl	MBbl	$/Bbl	MBbl	MBbl	MBbl	$/Bbl
2018	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-	-	-

	Heavy Oil						Bitumen					
Year	Gr. Well	Gr. Daily	Gross	Co Grs	Co Net	Price	Gr. Well	Gr. Daily	Gross	Co Grs	Co Net	Price
	Count	Bbl/d	MBbl	MBbl	MBbl	$/Bbl	Count	Bbl/d	MBbl	MBbl	MBbl	$/Bbl
2018	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-	-	-
Sub Tot												
4 Years												
Total												

	Sulphur				Butane				Pentane Plus			
Year	Gross	Co Grs	Co Net	Price	Gross	Co Grs	Co Net	Price	Gross	Co Grs	Co Net	Price
	MLt	MLt	MLt	$/Lt	MBbl	MBbl	MBbl	$/Bbl	MBbl	MBbl	MBbl	$/Bbl
2018	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-	-	-

Table D-1E
Summary of Reserves and Net Present Values

Ranch Energy Corporation
Consolidated
Total Probable

Production Start : 2018-01-01
As Of Date : 2017-12-31

Year	Revenue Oil	Revenue Gas	Revenue NGL	Revenue Sulphur	Revenue Royalty	Revenue Other	Royalties Crown	Royalties Crown Adj	Royalties Production	Royalties Resource	Royalties MinTax	Opex	Other Exp.	Operating Income
	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
2018	22.9	1347.8	0.0	0.0	0.0	0.0	39.5	0.0	0.0	0.9	0.0	216.1	0.0	1114.2
2019	44.8	4607.2	0.0	0.0	0.0	0.0	258.8	0.0	0.0	3.0	0.0	514.2	0.0	3876.1
2020	53.8	6509.6	0.0	0.0	0.0	0.0	433.0	0.0	0.0	3.5	0.0	626.1	0.0	5500.8
2021	60.0	6276.9	0.0	0.0	0.0	0.0	464.5	0.0	0.0	2.9	0.0	623.6	0.0	5246.0
2022	63.4	6114.4	0.0	0.0	0.0	0.0	475.3	0.0	0.0	1.9	0.0	633.6	0.0	5066.9
2023	68.9	6010.5	0.0	0.0	0.0	0.0	471.4	0.0	0.0	2.3	0.0	777.0	0.0	4828.8
2024	65.0	5633.9	0.0	0.0	0.0	0.0	451.5	0.0	0.0	2.7	0.0	630.8	1531.6	3082.2
2025	65.0	5393.5	0.0	0.0	0.0	0.0	435.3	0.0	0.0	4.2	0.0	636.5	1562.2	2820.3
2026	62.4	5161.1	0.0	0.0	0.0	0.0	425.6	0.0	0.0	3.3	0.0	544.1	0.0	4250.5
2027	68.5	5218.3	0.0	0.0	0.0	0.0	428.3	0.0	0.0	3.7	0.0	771.7	0.0	4083.1
2028	70.5	5135.7	0.0	0.0	0.0	0.0	421.3	0.0	0.0	4.0	0.0	873.1	0.0	3907.8
2029	66.1	4822.8	0.0	0.0	0.0	0.0	400.1	0.0	0.0	4.2	0.0	785.6	0.0	3699.0
2030	59.0	4369.1	0.0	0.0	0.0	0.0	369.6	0.0	0.0	4.5	0.0	559.3	1149.9	2344.7
2031	197.7	9237.5	0.0	0.0	0.0	0.0	874.9	0.0	0.0	27.2	0.0	2583.5	1172.9	4776.6
2032	181.7	8532.8	0.0	0.0	0.0	0.0	808.2	0.0	0.0	26.5	0.0	2384.0	1196.3	4299.4
2033	168.0	7931.2	0.0	0.0	0.0	0.0	751.9	0.0	0.0	25.7	0.0	2247.2	0.0	5074.3
2034	0.0	1752.9	0.0	0.0	0.0	0.0	105.2	0.0	0.0	0.0	0.0	65.5	0.0	1582.2
2035	0.0	1664.2	0.0	0.0	0.0	0.0	99.9	0.0	0.0	0.0	0.0	62.1	0.0	1502.2
2036	0.0	4497.6	0.0	0.0	0.0	0.0	269.9	0.0	0.0	0.0	0.0	287.5	2589.9	1350.4
2037	0.0	4260.9	0.0	0.0	0.0	0.0	255.7	0.0	0.0	0.0	0.0	280.9	2641.7	1082.7
Sub Total	1317.6	104477.8	0.0	0.0	0.0	0.0	8239.8	0.0	0.0	120.7	0.0	16102.3	11844.4	69488.2
9 Years	0.0	15112.4	0.0	0.0	0.0	0.0	906.7	0.0	0.0	0.0	0.0	1075.2	11105.7	2024.7
Total	1317.6	119590.2	0.0	0.0	0.0	0.0	9146.5	0.0	0.0	120.7	0.0	17177.5	22950.2	71513.0

Year	Other Capital	CEE	CDE	COGPE	Total Capital	Net Revenue	Cum. Net Revenue	AdValorem /Severance	Aband. & Reclaim.	Sask. Tax	Before Tax	BTax Cum.
	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
2018	0.0	0.0	15.0	0.0	15.0	1099.2	1099.2	0.0	0.0	0.0	1099.2	1099.2
2019	0.0	0.0	0.0	0.0	0.0	3876.1	4975.3	0.0	0.0	0.0	3876.1	4975.3
2020	0.0	0.0	0.0	0.0	0.0	5500.8	10476.1	0.0	0.0	0.0	5500.8	10476.1
2021	0.0	0.0	0.0	0.0	0.0	5246.0	15722.1	0.0	0.0	0.0	5246.0	15722.1
2022	0.0	0.0	0.0	0.0	0.0	5066.9	20789.0	0.0	0.0	0.0	5066.9	20789.0
2023	0.0	0.0	0.0	0.0	0.0	4828.8	25617.8	0.0	-530.0	0.0	5358.8	26147.7
2024	-1531.6	0.0	0.0	0.0	-1531.6	4613.8	30231.6	0.0	-540.6	0.0	5154.4	31302.1
2025	0.0	0.0	0.0	0.0	0.0	2820.3	33051.9	0.0	-183.8	0.0	3004.0	34306.2
2026	1593.5	0.0	0.0	0.0	1593.5	2657.1	35708.9	0.0	-187.5	0.0	2844.5	37150.7
2027	0.0	0.0	0.0	0.0	0.0	4083.1	39792.0	0.0	-573.6	0.0	4656.8	41807.4
2028	0.0	0.0	0.0	0.0	0.0	3907.8	43699.8	0.0	585.1	0.0	3322.7	45130.1
2029	0.0	0.0	0.0	0.0	0.0	3699.0	47398.8	0.0	63.3	0.0	3635.6	48765.7
2030	-1150.3	0.0	0.0	0.0	-1150.3	3495.0	50893.8	0.0	544.2	0.0	2950.9	51716.6
2031	0.0	0.0	0.0	0.0	0.0	4776.6	55670.4	0.0	-1035.6	0.0	5812.2	57528.8
2032	0.0	0.0	0.0	0.0	0.0	4299.4	59969.9	0.0	-422.2	0.0	4721.7	62250.5
2033	1220.7	0.0	0.0	0.0	1220.7	3853.6	63823.5	0.0	573.6	0.0	3280.1	65530.5
2034	0.0	0.0	0.0	0.0	0.0	1582.2	65405.7	0.0	878.6	0.0	703.7	66234.2
2035	0.0	0.0	0.0	0.0	0.0	1502.2	66907.9	0.0	-7253.9	0.0	8756.1	74990.3
2036	0.0	0.0	0.0	0.0	0.0	1350.4	68258.3	0.0	991.7	0.0	358.6	75348.9
2037	0.0	0.0	0.0	0.0	0.0	1082.7	69341.0	0.0	699.3	0.0	383.4	75732.4
Sub Total	132.3	0.0	15.0	0.0	147.3	69341.0		0.0	-6391.4	0.0	75732.4	
9 Years	0.0	0.0	0.0	0.0	0.0	2024.7		0.0	8175.8	0.0	-6151.1	
Total	132.3	0.0	15.0	0.0	147.3	71365.7		0.0	1784.4	0.0	69581.3	

Appendix A — Reserve Definitions

The following definitions form the basis of our classification of reserves and values presented in this report. The definitions are those set out in National Instrument 51-101 ("NI 51-101") and/or the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "COGE Handbook"), maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and incorporated into NI 51-101 by reference.

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on:

- analysis of drilling, geological, geophysical and engineering data;
- the use of established technology;
- specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed; and
- a remaining reserve life of 50 years.

Reserves are classified according to the degree of certainty associated with the estimates.

1. Proved Reserves

Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

2. Probable Reserves

Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

3. Possible Reserves

Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves. Possible reserves have not been considered in this report.

Other criteria that must also be met for the categorization of reserves are provided in Section 5.5 of the COGE Handbook.

Each of the reserves categories (proved, probable, and possible) may be divided into developed or undeveloped categories.

4. Developed Reserves

Developed reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

5. Developed Producing Reserves

Developed producing reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

6. Developed Non-Producing Reserves

Developed non-producing reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.

7. Undeveloped Reserves

Undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.

In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities, and completion intervals in the pool and their respective development and production status.

8. Levels of Certainty for Reported Reserves

The qualitative certainty levels contained in the definitions in Sections 1, 2 and 3 are applicable to individual reserves entities, which refers to the lowest level at which reserves estimates are made, and to reported reserves, which refers to the highest level sum of individual entity estimates for which reserve estimates are made.

Reported total reserves estimated by deterministic or probabilistic methods, whether comprised of a single reserves entity or an aggregate estimate for multiple entities, should target the following levels of certainty under a specific set of economic conditions:

a. There is a 90% probability that at least the estimated proved reserves will be recovered.

b. There is a 50% probability that at least the sum of the estimated proved reserves plus probable reserves will be recovered.

c. There is a 10% probability that at least the sum of the estimated proved reserves plus probable reserves plus possible reserves will be recovered.

A quantitative measure of the probability associated with a reserves estimate is generated only when a probabilistic estimate is conducted. The majority of reserves estimates will be performed using deterministic methods that do not provide a quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in Section 5.5.3 of the COGE Handbook. Whether deterministic or probabilistic methods are used, evaluators are expressing their professional judgement as to what are reasonable estimates.

9. **Remaining Recoverable Reserves** are the total remaining recoverable reserves associated with the acreage in which the Company has an interest.

10. **Company Gross Reserves** are the Company's working interest share of the remaining reserves, before deduction of any royalties.

11. **Company Net Reserves** are the gross remaining reserves of the properties in which the Company has an interest, less all Crown, freehold, and overriding royalties and interests owned by others plus all royalty interest volumes received.

12. **Net Production Revenue** is income derived from the sale of net reserves of oil, non-associated and associated gas, and gas by-products, less all capital and operating costs.

13. **Fair Market Value** is defined as the price at which a purchaser seeking an economic and commercial return on investment would be willing to buy, and a vendor would be willing to sell, where neither is under compulsion to buy or sell and both are competent and have reasonable knowledge of the facts.

14. **Barrels of Oil Equivalent (BOE) Reserves** – BOE is the sum of the oil reserves, plus the gas reserves divided by a factor of 6, plus the natural gas liquid reserves, all expressed in barrels or thousands of barrels. Equivalent reserves can also be expressed in thousands of cubic feet of gas equivalent (McfGE) using a conversion ratio of 1 bbl:6 Mcf.

15. **Oil (or Crude Oil)** – a mixture consisting mainly of pentanes and heavier hydrocarbons that exists in the liquid phase in reservoirs and remains liquid at atmospheric pressure and temperature. Crude oil may contain small amounts of sulphur and other non-hydrocarbons, but does not include liquids obtained from the processing of natural gas. Crude oil volumes are further divided into Product Types, for reporting purposes.

16. **Gas (or Natural Gas)** – a mixture of lighter hydrocarbons that exist either in the gaseous phase or in solution in crude oil in reservoirs, but are gaseous at atmospheric conditions. Natural gas may contain sulphur or other non-hydrocarbon compounds. Natural Gas volumes are further divided into Product Types, for reporting purposes.

17. **Non-Associated Gas** – an accumulation of natural gas in a reservoir where there is no crude oil.

18. **Associated Gas** – the gas cap overlying a crude oil accumulation in a reservoir.

19. **Solution Gas** – gas dissolved in crude oil.

20. **Natural Gas By Products** – those components that can be removed from natural gas including, but not limited to, ethane, propane, butanes, pentanes plus, condensate, and small quantities of non-hydrocarbons.

21. **Product Types** - sub-classify the principle product types of petroleum, crude oil, gas and by-products, into specific groupings based on the properties of the hydrocarbon and the properties of the accumulation and reservoir rock from which it is found. Regulatory agencies may define in legislation the production types they require to be used for reporting purposes in their jurisdiction. The Canadian Securities Associations (CSA) defines the following Product Types for reporting purposes in National Instrument 51-101, effective July 1, 2015.

Crude Oil

I) **Light Crude Oil** means crude oil with a relative density greater than 31.1 degrees API gravity;

II) **Medium Crude Oil** means crude oil with a relative density greater than 22.3 degrees API gravity and less than or equal to 31.1 degrees API gravity;

III) **Heavy Crude Oil** means crude oil with a relative density greater than 10 degrees API gravity and less than or equal to 22.3 degrees API gravity;

IV) **Tight Oil** means crude oil:

a. contained in dense organic rich rocks, including low-permeability shales, siltstones and carbonates, in which the crude oil is primarily contained in microscopic pore spaces that are poorly connected to one another, and

b. that typically requires the use of hydraulic fracturing to achieve economic production rates;

V) **Bitumen** means a naturally occurring solid or semi-solid hydrocarbon:

a. consisting mainly of heavier hydrocarbons, with a viscosity greater than 10,000 millipascal-seconds (mPa·s) or 10,000 centipoise (cP) measured at the hydrocarbon's original temperature in the reservoir and at atmospheric pressure on a gas-free basis, and

b. that is not primarily recoverable at economic rates through a well without the implementation of enhanced recovery methods;

VI) **Synthetic Crude Oil** means a mixture of liquid hydrocarbons derived by upgrading bitumen, kerogen or other substances such as coal, or derived from gas to liquid conversion and may contain sulphur or other compounds;

Natural Gas

VII) **Conventional Natural Gas** means natural gas that has been generated elsewhere and has migrated as a result of hydrodynamic forces and is trapped in discrete accumulations by seals that may be formed by localized structural, depositional or erosional geological features;

VIII) **Coal Bed Methane** means natural gas that

a) primarily consists of methane, and

b) is contained in a coal deposit;

IX) **Shale Gas** means natural gas:

a) contained in dense organic-rich rocks, including low-permeability shales, siltstones and carbonates, in which the natural gas is primarily adsorbed on the kerogen or clay minerals, and

b) that usually requires the use of hydraulic fracturing to achieve economic production rates;

X) **Synthetic Gas** means a gaseous fluid:

a) generated as a result of the application of an in-situ transformation process to coal or other hydrocarbon-bearing rock, and

b) comprised of not less than 10% by volume of methane;

XI) **Gas Hydrate** means a naturally occurring crystalline substance composed of water and gas in an ice-lattice structure;

By-Products

XII) **Natural Gas Liquids** means those hydrocarbon components that can be recovered from natural gas as a liquid including, but not limited to, ethane, propane, butanes, pentanes plus, and condensates.

XIII) **Sulphur** is a non-hydrocarbon elemental by-product of gas processing and oil refining.

Appendix B — Prices (As of December 31, 2017)

Sproule's short-term outlook for oil and gas prices is based on information obtained from various sources, including government agencies, industry publications, oil refiners, and natural gas marketers as well as consideration for the New York Mercantile Exchange (NYMEX) and Intercontinental Exchange (ICE) futures markets. The forecast used in this evaluation was derived as of **December 31, 2017.**

Supply and demand fundamentals, along with the NYMEX and ICE oil and gas futures prices are the foundation of Sproule's commodity pricing models in the early years. This data is combined with Sproule's assumptions in respect of long-term prices, inflation rates and exchange rates, together with estimates of transportation costs and prices of competing fuels, to forecast wellhead and plantgate prices for oil, natural gas and natural gas by-products. The following paragraphs briefly describe some of the key considerations included in Sproule's long-term outlook for oil and natural gas prices.

Oil Prices

The oil price forecasts set out in Table P-1 are based on prices for the NYMEX Division light, sweet (low-sulphur) crude oil contract, which specifies the WTI crude as a deliverable at Cushing, Oklahoma. International oil price forecasts are based on the ICE Brent contract; a light, sweet crude blend produced in the North Sea.

The actual wellhead price of oil will vary with the quality of the crude and the cost of the transportation from the wellhead to the specified terminal. This cost, which is referred to as the price differential, is based on the actual difference between the revenue received at the wellhead and the contract price for the benchmark crude. In the absence of actual crude oil price statistics, the differential is based on the price of similar quality crude in the area.

Bolstered by high prices since 2011, advances in horizontal wells completed with multi-stage hydraulic fractures drove significant production growth principally from the US that outpaced demand leading to an oversupply in global crude markets, which peaked in 2015 at an estimated 1.5 – 2.0 million bbl/d. In an effort to maintain market share, OPEC led by its key producer Saudi Arabia stepped away from its traditional swing producer role, leaving market forces to rebalance the market. Crude prices declined by over 50% since their peak in June 2014 as a result.

Although a rebound in the price of crude oil will still take some time given the overhang of inventories, there are signs of convergence in the supply-demand equation.

Notwithstanding concern over the Chinese growth story, global demand is estimated to have grown at 1.4 - 1.8 million bbl/d in 2015 and has continued growing at a healthy pace since then. Over the long-term, as the emerging markets of Brazil, Russia, India, China, South East Asia, the Middle East and sub-Saharan Africa continue to develop, global energy demand will follow suit. Per capita incomes are still substantially lower in these regions compared to the developed world and energy consumption will increase as living standards improve.

On the supply side, resumed investment in US light tight oil (LTO) at this time is likely self-limiting in that significant production growth could trigger another wave of oversupply, lower prices and suboptimal returns. Outside of the US, large global reductions in capital budgets should limit production growth from other non-OPEC sources of supply in the coming years.

Sproule anticipates that the market will fully and sustainably rebalance in the 2018 – 2020 timeframe. A catalyst in the movement towards rebalancing was the production cuts made by OPEC during 2017 and the commitment to continue these cuts through to the end of 2018.

We continue to see North American supply as a price governor in the near term given its cost profile and flexibility in responding to prices. The WTI breakeven price now needed in the US LTO plays has dropped by over 50% since 2013 to the $30 to $40 range. It should be noted that these breakeven costs are associated with the core areas of shale oil development and as operators begin to drill outside of core areas, breakeven costs will begin to rise. We maintain that meaningful production growth from US LTO will only occur when prices sustainably stay above $50/bbl. Our new price forecast remains largely consistent with our previous outlook, but it reflects a broadly lower cost curve in key assets around the world. In the near term, we continue to see LTO as the price governor. Longer term, Sproule believes that additional supply from capital intensive mega projects with longer lead times, including deepwater projects and the Canadian oil sands, will be required to satisfy future demand growth which will require higher prices over time. However, the prolonged downturn has shifted the cost curve down even for these projects and Sproule now anticipates that the cost of the marginal barrel reflective of these projects will be closer to $70/bbl. This drives our longer term view of the price for crude oil within the timeframe of a rebalanced market.

Geopolitical instability in many of the world's major oil producing regions including Russia, Africa and the Middle East may continue to shock crude markets over the forecast period. If supplies in these regions were to be significantly disrupted, causing prices to rise, both spare capacity from major OPEC producers and the short lead times associated with US LTO could bring on additional crude supplies quickly in response. This will limit the potential for prices to remain elevated over the long-term.

In December 2015 US Congress repealed its ban on crude oil exports, which has narrowed the price differential between WTI and Brent close to parity. In the past few years, WTI has traded at a discount to Brent due to sharp growth in US crude supply and inadequate transportation infrastructure, creating a capacity bottleneck at Cushing, Oklahoma. Crude exports from the US provide an alternative outlet for US production, eroding any discount to world markets.

In recognition of the above factors, Sproule's long-term forecast has been set at **$73.00 US** per barrel for WTI and **$75.00 US** per barrel for Brent in 2021 with an escalation rate of 2.0% thereafter.

In the near term the Canadian economy faces many headwinds in combination with the US Federal Reserve tightening monetary policy leading to weakness in the Canadian dollar. We expect the Canadian dollar to continue to be correlated to the price of oil over the forecast period. The exchange rate ($U.S. per $Canadian) reflects a long-term projection of **$0.85.**

Sproule's price outlook for Canadian crudes sees the current differential narrowing over the forecast period. With pipeline infrastructure experiencing delays, rail has proven to be an effective method to improve takeaway capacity. The low capital investment required, short time frame for constructing a new loading terminal and the ability to access key markets flexibly suggest that rail will continue to play an important role in the transportation of crude. While Canadian light oil faces competition from US LTO plays, new market opportunities are arising for Canadian heavy crudes. US Gulf Coast refiners are increasingly seeking Canadian heavy oil as imports from Venezuela and Mexico decline. The dynamics affecting Canadian oil prices are reflected in a long-term narrowing of the CLS differential to **96%** of WTI and the WCS differential to **83%** of CLS.

Natural Gas Prices

The NYMEX futures price for gas bought and sold at Henry Hub in Louisiana is the dominant index for North American gas prices. The ICE NBP natural gas futures contract is a benchmark price for natural gas in the UK and continental Europe. In Alberta and Saskatchewan, the AECO price is a reflection of the market price for natural gas sold locally, while the BC Westcoast Station 2 price is critical to the BC producer. Natural gas prices are generally reflective of regional factors affecting supply and demand.

Increased supply from development in US shale plays like the Utica and Marcellus combined with increased associated gas volumes from LTO production will introduce some near-term risk to US gas prices. However, demand for natural gas in the US faces many positive catalysts over the forecast period. Significant demand growth is anticipated from the industrial sector, petrochemicals, the switching from coal to natural gas for power plants and the development of pipeline infrastructure to export natural gas from the US to Mexico. Also, significant LNG export capacity (close to 10 bcf/d) is now either on-stream or currently under construction.

In the United States, Sproule expects a long-term price of **$4.00 US** per MMbtu by 2020 for Henry Hub, reflecting long-term full cycle marginal costs, with an escalation rate of 2.0% thereafter.

Similar to the US, European gas prices are facing weakness due to mild weather, above average inventories and sluggish demand growth. The situation is made worse by an influx of LNG supplies finding their way to European markets. As LNG production continues to ramp up from projects in Australia and the US, European markets may continue to face oversupply in the near term.

The correlation between European natural gas and crude oil prices is expected to continue to play a role, as roughly half of the long-term natural gas contracts in Europe are linked to crude oil prices. However, natural gas markets in the EU and Britain are experiencing liberalization, suggesting that regional factors affecting supply and demand will have a greater influence on prices.

Sproule expects NBP to trade at **£5.00** per MMbtu by 2020 with an escalation rate of 2.0% thereafter.

Supply growth in the US has put pressure on the future of Canadian natural gas prices as market access becomes more limited for the Canadian producer. In Canada, industrial demand growth for natural gas is weak compared to the United States. LNG export projects represent a significant opportunity for Canada but face challenges in their development including high costs and lengthy regulatory approval processes. The estimated first shipment date from Canadian LNG projects has become uncertain. Several projects have now been cancelled.

The long-term price of Alberta AECO-C is expected to be **$3.65 CAD** per MMbtu in 2020 with a 2.0% escalation rate thereafter. Detailed price forecasts for natural gas are set out in Table P-2. The actual plantgate price will vary with the heat content of the natural gas and the cost of transportation from the plantgate to the trading hub. In the absence of actual natural gas price statistics, the differential is based on the price of natural gas in the area.

Natural Gas By-Products

Sproule and GPMi are collaborating to produce a price outlook for Western Canadian Natural Gas Liquids. The pricing methodology has changed for ethane, propane, butane and condensate. Ethane is typically sold under mid to long term, cost plus contracts. The methodology utilized in this outlook is based on shrinkage value and corresponds to the price of gas at AECO. Propane value is a function of gas value as well as differentials from mid-continent markets. Butane and condensate tend to be priced with reference to crude prices as the dominant demand drivers are refining and diluent markets. Sulphur prices reflect the current market. Detailed price forecasts for natural gas by-products are set out in Table P-2. The prices for these by-products were adjusted in this report to reflect the actual prices received at the plantgate.

Table P-1
Oil Price Forecasts, Inflation and Exchange Rates ($Cdn)
Effective December 31, 2017

Year	Light Crude Oil					Heavy & Medium Oil						
	WTI Cushing Oklahoma 40°API ($US/bbl)	UK Brent 38°API ($US/bbl)	Canadian[1] Light Sweet Crude 40°API ($/bbl)	Synthetic Crude Oil Edmonton 34°API ($/bbl)	Cromer LSB 35° API ($/bbl)	Hardisty Heavy 12°API ($/bbl)	Western[2] Canada Select 20.5°API ($/bbl)	Hardisty Bow River 24.9°API ($/bbl)	Cold Lake Blend 22.6° API ($/bbl)	Operating Cost Inflation Rate (%/Yr)	Capital Cost Inflation Rate (%/Yr)	Exchange Rate ($US/$Cdn)
Historical												
2013	97.98	108.52	93.27	100.12	91.59	64.98	74.93	76.16	72.91	1.0%	0.7%	0.971
2014	93.00	99.51	93.99	101.47	92.66	76.40	81.06	81.67	79.02	2.0%	-1.0%	0.906
2015	48.80	53.64	57.45	62.25	55.57	40.42	44.83	45.35	43.60	1.8%	-23.2%	0.783
2016	43.32	45.04	52.80	58.17	51.35	34.08	38.89	39.22	37.69	1.2%	-3.4%	0.755
2017	50.95	54.83	61.84	67.75	61.43	45.59	48.78	50.72	49.20	2.2%	-3.4%	0.771
Forecast												
2018	55.00	58.00	65.44	71.44	64.44	45.81	51.05	51.70	48.43	0.0%	0.0%	0.790
2019	65.00	67.00	74.51	80.51	73.51	54.39	59.61	61.10	56.63	2.0%	2.0%	0.820
2020	70.00	72.00	78.24	84.24	77.24	59.46	64.94	65.72	61.81	2.0%	2.0%	0.850
2021	73.00	75.00	82.45	88.45	81.45	62.66	68.43	69.26	65.13	2.0%	2.0%	0.850
2022	74.46	76.50	84.10	90.10	83.10	63.91	69.80	70.64	66.44	2.0%	2.0%	0.850
2023	75.95	78.03	85.78	91.78	84.78	65.19	71.20	72.05	67.76	2.0%	2.0%	0.850
2024	77.47	79.59	87.49	93.49	86.49	66.50	72.62	73.49	69.12	2.0%	2.0%	0.850
2025	79.02	81.18	89.24	95.24	88.24	67.82	74.07	74.96	70.50	2.0%	2.0%	0.850
2026	80.60	82.81	91.03	97.03	90.03	69.18	75.55	76.46	71.91	2.0%	2.0%	0.850
2027	82.21	84.46	92.85	98.85	91.85	70.57	77.06	77.99	73.35	2.0%	2.0%	0.850
2028	83.85	86.15	94.71	100.71	93.71	71.98	78.61	79.55	74.82	2.0%	2.0%	0.850

Escalation Rate of 2.0% thereafter

1) Edmonton Par Prior to 2014
2) Source Change 2013-07.

Table P-2
Natural Gas and Natural Gas By-Products Price Forecasts, Various Trading Points ($Cdn)
Effective December 31, 2017

Year	Henry Hub Price ($US/MMbtu)	IPE Britain NBP ($US/MMbtu)	AECO-C Spot ($/MMbtu)	Alliance Chicago Spot ($/MMbtu)	B.C. Westcoast Station 2 ($/MMbtu)	Huntingdon/ Sumas 30-day Spot ($/MMbtu)	Dawn ($/MMbtu)	Ethane Plant Gate ($/bbl)	Edmonton[1] Propane ($/bbl)	Edmonton[1] Butane ($/bbl)	Edmonton Pentanes Plus ($/bbl)	Plant Gate Sulphur ($/lt)
Historical												
2013	3.66	10.50	3.13	3.40	3.11	3.84	4.19	8.68	38.37	69.88	105.48	57.51
2014	4.28	8.39	4.50	6.46	4.16	4.82	6.82	12.46	44.42	68.02	102.39	65.23
2015	2.63	6.50	2.70	3.53	1.81	2.96	3.78	7.49	6.17	36.81	61.45	75.88
2016	2.55	4.73	2.18	3.19	1.75	2.91	3.41	6.05	13.60	34.32	55.71	30.08
2017	3.02	5.86	2.20	3.76	1.59	3.51	3.95	6.11	28.77	44.11	67.21	35.25
Forecast												
2018	3.25	6.08	2.85	4.01	2.45	3.65	4.16	7.89	26.06	48.73	67.72	60.00
2019	3.50	6.08	3.11	4.17	2.71	3.91	4.32	8.62	32.84	55.49	75.61	61.20
2020	4.00	6.75	3.65	4.61	3.25	4.45	4.76	10.11	35.41	57.65	78.82	62.42
2021	4.08	6.89	3.80	4.70	3.40	4.60	4.85	10.53	37.85	60.12	82.35	63.67
2022	4.16	7.02	3.95	4.80	3.55	4.75	4.95	10.96	39.29	61.32	84.07	64.95
2023	4.24	7.16	4.05	4.89	3.65	4.85	5.04	11.23	40.25	62.55	85.82	66.24
2024	4.33	7.31	4.15	4.99	3.75	4.95	5.14	11.51	41.23	63.80	87.61	67.57
2025	4.42	7.45	4.25	5.10	3.85	5.05	5.25	11.79	42.23	65.07	89.43	68.92
2026	4.50	7.60	4.36	5.20	3.96	5.16	5.35	12.08	43.26	66.37	91.29	70.30
2027	4.59	7.75	4.46	5.31	4.06	5.26	5.46	12.37	44.30	67.70	93.19	71.71
2028	4.69	7.91	4.57	5.41	4.17	5.37	5.56	12.67	45.36	69.06	95.12	73.14

Escalation Rate of 2.0% thereafter

1) Source change 2013-01

Appendix C — Abbreviations, Units, Conversion Factors and Formation Names

Abbreviations

ARF	Alberta royalty framework (pre 2017)
AOF	absolute open flow
BOE	barrels of oil equivalent
bpd	barrels per day
bopd	barrels of oil per day
bwpd	barrels of water per day
Cr	Crown
DPIIP	discovered petroleum initially-in-place
DSU	drilling spacing unit
FH	Freehold
GCA	gas cost allowance
GOR	gas-oil ratio
GORR	gross overriding royalty
LPG	liquid petroleum gas
LRR	lease royalty rate
McfGE	thousands of cubic feet of gas equivalent
Mcfpd	thousands of cubic feet per day
MMbtu	million British thermal units
MPR	maximum permissive rate
MRF	Alberta modernized royalty framework (post 2016)
MRL	maximum rate limitation
NC	'new' Crown
NCI	net carried interest
NGL	natural gas liquids
NORR	net overriding royalty
NPI	net profits interest
NRA	no reserves assigned
NRI	net revenue interest
NPV	net present value
OC	'old' Crown
ORRI	overriding royalty interest
P&NG	petroleum and natural gas
PSU	production spacing unit
PVT	pressure-volume-temperature
TPIIP	total petroleum initially-in-place
Unecon	uneconomic reserves evaluation case
UPIIP	undiscovered petroleum initially-in-place
WI	working interest

Imperial and Metric Units

Imperial Units			Metric Units	
M (10^3)	thousand	**Prefixes**	k (10^3)	kilo
MM (10^6)	million		M (10^6)	mega
B (10^9)	billion		G (10^9)	giga
T (10^{12})	trillion		T (10^{12})	tera
Q (10^{15})	quadrillion		P (10^{15})	peta
in.	inches	**Length**	cm	centimetres
ft	feet		m	metres
mi	miles		km	kilometres
ft^2	square feet	**Area**	m^2	square metres
ac	acres		ha	hectares
cf or ft^3	cubic feet	**Volume**	m^3	cubic metres
scf	standard cubic feet			
gal	gallons		L	litres
Mcf	thousand cubic feet			
MMcf	million cubic feet			
Bcf	billion cubic feet		e^6m^3	million cubic metres
bbl	barrels		m^3	cubic metres
Mbbl	thousand barrels		e^3m^3	thousand cubic metres
stb	stock tank barrels		stm^3	stock tank cubic metres
bbl/d	barrels per day	**Rate**	m^3/d	cubic metre per day
Mbbl/d	thousand barrels per day		e^3m^3/d	thousand cubic metres
Mcf/d	thousand cubic feet per day		e^3m^3/d	thousand cubic metres
MMcf/d	million cubic feet per day		e^6m^3/d	million cubic metres
Btu	British thermal units	**Energy**	J	joules
oz	ounces	**Mass**	g	grams
lb	pounds		kg	kilograms
ton	tons		t	tonnes
lt	long tons			
psi	pounds per square inch	**Pressure**	Pa	pascals
			kPa	kilopascals (10^3)
psia	pounds per square inch absolute			
psig	pounds per square inch gauge			
°F	degrees Fahrenheit	**Temperature**	°C	degrees Celsius
°R	degrees Rankine		K	degrees Kelvin
M$	thousand dollars	**Dollars**	k$	1 kilodollar

Imperial and Metric Units (Cont'd)

Imperial Units			Metric Units	
sec	second	**Time**	s	second
min	minute		min	minute
hr	hour		h	hour
d	day		d	day
wk	week			week
mo	month			month
yr	year		a	annum

Conversion Tables

Conversion Factors — Metric to Imperial		
cubic metres (m^3) (@ 15°C)	x 6.29010	= barrels (bbl) (@ 60°F), water
m^3 (@ 15°C)	x 6.3300	= bbl (@ 60°F), Ethane
m^3 (@ 15°C)	x 6.30001	= bbl (@ 60°F), Propane
m^3 (@ 15°C)	x 6.29683	= bbl (@ 60°F), Butanes
m^3 (@ 15°C)	x 6.29287	= bbl (@ 60°F), oil, Pentanes Plus
m^3 (@ 101.325 kPaa, 15°C)	x 0.0354937	= thousands of cubic feet (Mcf) (@ 14.65 psia, 60°F)
1,000 cubic metres (10^3m^3) (@ 101.325 kPaa, 15°C)	x 35.49373	= Mcf (@ 14.65 psia, 60°F)
hectares (ha)	x 2.4710541	= acres
1,000 square metres (10^3m^2)	x 0.2471054	= acres
10,000 cubic metres (ha·m)	x 8.107133	= acre feet (ac-ft)
$m^3/10^3m^3$ (@ 101.325 kPaa, 15° C)	x 0.0437809	= Mcf/Ac.ft. (@ 14.65 psia, 60°F)
joules (J)	x 0.000948213	= Btu
megajoules per cubic metre (MJ/m^3) (@ 101.325 kPaa, 15°C)	x 26.714952	= British thermal units per standard cubic foot (Btu/scf) (@ 14.65 psia, 60°F)
dollars per gigajoule ($/GJ)	x 1.054615	= $/Mcf (1,000 Btu gas)
metres (m)	x 3.28084	= feet (ft)
kilometres (km)	x 0.6213712	= miles (mi)
dollars per 1,000 cubic metres ($\$/10^3m^3$)	x 0.0288951	= dollars per thousand cubic feet ($/Mcf) (@ 15.025 psia) B.C.
($\$/10^3m^3$)	x 0.02817399	= $/Mcf (@ 14.65 psia) Alta.
dollars per cubic metre ($\$/m^3$)	x 0.158910	= dollars per barrel ($/bbl)
gas/oil ratio (GOR) (m^3/m^3)	x 5.640309	= GOR (scf/bbl)
kilowatts (kW)	x 1.341022	= horsepower
kilopascals (kPa)	x 0.145038	= psi
tonnes (t)	x 0.9842064	= long tons (LT)
kilograms (kg)	x 2.204624	= pounds (lb)
litres (L)	x 0.2199692	= gallons (Imperial)
litres (L)	x 0.264172	= gallons (U.S.)
cubic metres per million cubic metres ($m^3/10^6m^3$) (C_3)	x 0.177496	= barrels per million cubic feet (bbl/MMcf) (@ 14.65 psia)
$m^3/10^6m^3$ (C_4)	x 0.1774069	= bbl/MMcf (@ 14.65 psia)
$m^3/10^6m^3$ (C_{5+})	x 0.1772953	= bbl/MMcf (@ 14.65 psia)
tonnes per million cubic metres ($t/10^6m^3$) (sulphur)	x 0.0277290	= LT/MMcf (@ 14.65 psia)
millilitres per cubic meter (mL/m^3) (C_{5+})	x 0.0061974	= gallons (Imperial) per thousand cubic feet (gal (Imp)/Mcf)
(mL/m^3) (C_{5+})	x 0.0074428	= gallons (U.S.) per thousand cubic feet (gal (U.S.)/Mcf)
Kelvin (K)	x 1.8	= degrees Rankine (°R)
millipascal seconds (mPa·s)	x 1.0	= centipoise
density (kg/m3), ρ	ρ÷1000x141.5-131.5	= °API

Conversion Tables (Cont'd)

Conversion Factors — Imperial to Metric		
barrels (bbl) (@ 60°F)	x 0.15898	= cubic metres (m^3) (@ 15°C), water
bbl (@ 60°F)	x 0.15798	= m^3 (@ 15°C), Ethane
bbl (@ 60°F)	x 0.15873	= m^3 (@ 15°C), Propane
bbl (@ 60°F)	x 0.15881	= m^3 (@ 15°C), Butanes
bbl (@ 60°F)	x 0.15891	= m^3 (@ 15°C), oil, Pentanes Plus
thousands of cubic feet (Mcf) (@ 14.65 psia, 60°F)	x 28.17399	= m^3 (@ 101.325 kPaa, 15°C)
Mcf (@ 14.65 psia, 60°F)	x 0.02817399	= 1,000 cubic metres (10^3m^3) (@ 101.325 kPaa, 15°C)
acres	x 0.4046856	= hectares (ha)
acres	x 4.046856	= 1,000 square metres (10^3m^2)
acre feet (ac-ft)	x 0.123348	= 10,000 cubic metres (10^4m^3) (ha'm)
Mcf/ac-ft (@ 14.65 psia, 60°F)	x 22.841028	= $10^3m^3/m^3$ (@ 101.325 kPaa, 15°C)
Btu	x 1054.615	= joules (J)
British thermal units per standard cubic foot (Btu/Scf)	x 0.03743222	= megajoules per cubic metre (MJ/m^3)
(@ 14.65 psia, 60°F)		(@ 101.325 kPaa, 15°C)
$/Mcf (1,000 Btu gas)	x 0.9482133	= dollars per gigajoule ($/GJ)
$/Mcf (@ 14.65 psia, 60°F) Alta.	x 35.49373	= $\$/10^3m^3$ (@ 101.325 kPaa, 15°C)
$/Mcf (@ 15.025 psia, 60°F), B.C.	x 34.607860	= $\$/10^3m^3$ (@ 101.325 kPaa, 15°C)
feet (ft)	x 0.3048	= metres (m)
miles (mi)	x 1.609344	= kilometres (km)
dollars per barrel ($/bbl)	x 6.29287	= dollars per cubic metre ($\$/m^3$)
GOR (scf/bbl)	x 0.177295	= gas/oil ratio (GOR) (m^3/m^3)
horsepower	x 0.7456999	= kilowatts (kW)
psi	x 6.894757	= kilopascals (kPa)
long tons (LT)	x 1.016047	= tonnes (t)
pounds (lb)	x 0.453592	= kilograms (kg)
gallons (Imperial)	x 4.54609	= litres (L) (.001 m^3)
gallons (U.S.)	x 3.785412	= litres (L) (.001 m^3)
barrels per million cubic feet (bbl/MMcf) (@ 14.65 psia) (C_3)	x 5.6339198	= cubic metres per million cubic metres ($m^3/10^6m^3$)
bbl/MMcf (C_4)	x 5.6367593	= ($m^3/10^6m^3$)
bbl/MMcf (C_{5+})	x 5.6403087	= ($m^3/10^6m^3$)
LT/MMcf (sulphur)	x 36.063298	= tonnes per million cubic metres ($t/10^6m^3$)
gallons (Imperial) per thousand cubic feet (gal (Imp)/Mcf) (C_{5+})	x 161.3577	= millilitres per cubic meter (mL/m^3)
gallons (U.S.) per thousand cubic feet (gal (U.S.)/Mcf) (C_{5+})	x 134.3584	= (mL/m^3)
degrees Rankine (°R)	x 0.555556	= Kelvin (K)
centipoises	x 1.0	= millipascal seconds (mPa's)
°API	(°APIx131.5)x	= density (kg/m3)
	1000/141.5	

SPROULE STANDARD FORMATION NAME ABBREVIATIONS - CANADA

ABB.	FORMATION NAME	ABB.	FORMATION NAME	ABB.	FORMATION NAME	ABB.	FORMATION NAME
ABGP	ALBERTA GROUP	EARL	EARLIE	LKRV	LOWER KEG RIVER	RVCG	RAVENSCRAG
ALID	ALIDA	EDMN	EDMONTON	LLTN	LYLETON	SBRS	SUNBURST
ALXO	ALEXO	EKPP	ELK POINT GROUP	LMNV	LOWER MANNVILLE	SBWI	SECOND BOW ISLAND SS
AMRN	AMARANTH	ELDN	ELDON	LPIN	LEPINE	SCLD	SCOLLARD
ARCM	ARCTOMYS	ELKK	ELK	LPRK	LEA PARK	SCLN	SCALLION
ARCS	ARCS	ELKT	ELKTON	LRSV	LOWER SHAUNAVON	SCTR	SCATTER
ASRN	ASHERN	ELRL	ELLERSLIE	LVGS	LIVINGSTONE	SFBR	SHAFTESBURY
ASVL	ASHVILLE	ERLK	ERNESTINA LAKE	LWAT	LOWER WATROUS	SFCR	SWIFT CURRENT
BARO	BARONS SAND	ERNG	ETHERINGTON	LWGR	LOWER GRAND RAPIDS	SHND	SHUNDA
BCDS	BASAL COLORADO SS.	ESND	EASTEND	MASE	MASEFIELD	SKGP	SASKATCHEWAN GROUP
BCHO	BISTCHO	EXSW	EXSHAW	MBGP	MANITOBA GROUP	SKNN	SIKANNI
BCKG	BUCKINGHORSE	FCLZ	FISH SCALE ZONE	MBRL	MOBERLY	SLLN	SULLIVAN
BCLK	BIRCH LAKE	FLHR	FALHER	MCLN	MCLAREN	SLPM	SULPHUR MOUNTAIN
BCMB	BASAL SAND (CAMBRIAN)	FLUM	FLUME	MCMR	MCMURRAY	SLPP	SULPHUR POINT
BCRK	BLACK CREEK	FNGN	FINNEGAN	MCNL	MCCONNELL	SLVP	SLAVE POINT
BDBD	BASAL RED BEDS	FNSQ	FANTASQUE	MDCN	MEDICINE HAT	SMGP	SMOKY GROUP
BDBR	BIRDBEAR	FRBG	FIREBAG	MDGP	MADISON GROUP	SMRR	ST. MARY RIVER
BDLK	BOUNDARY LAKE	FRBR	FROBISHER	MDLK	MEADOW LAKE	SNMN	STONY MOUNTAIN
BDRT	BADHEART	FRCM	FRENCHMAN	MIDL	MIDALE	SNVN	SHAUNAVON
BGRY	BIGORAY MEMBER	FRLM	FAIRHOLME	MILK	MIDDLE INTERLAKE	SPNL	SPINNEY HILL
BGVL	BIG VALLEY	FRMS	FOREMOST	MJLK	MAJEAU LAKE	SPRF	SPEARFISH
BHLL	BEAVERHILL LAKE	FRNG	FERNIE GROUP	MLDD	MILDRED	SPRK	SPARKY
BKKN	BAKKEN	FSMP	FORT SIMPSON	MLKR	MILK RIVER	SPRR	SPRAY RIVER
BLCK	BLACKSTONE	FTJN	FORT ST. JOHN GROUP	MLTN	MOULTON	SPRV	SPIRIT RIVER
BLDN	BALDONNEL	FVEL	FAVEL	MMTN	MIST MOUNTAIN	SRSR	SOURIS RIVER
BLDV	BLOOD RESERVE	FVLM	FORT VERMILION	MNCH	MUNCHO	SSPK	SECOND WHITE SPECKS
BLLY	BELLOY	FWSS	FIRST WHITE SPECKS	MNTE	MONTEITH	SSSH	SASSENACH
BLQZ	BASAL QUARTZ	GBJC	GREY BEDS (JURASSIC)	MNTN	MONTNEY	STLR	STETTLER
BLRG	BLUE RIDGE MEMBER	GDPD	GRAND RAPIDS	MNVL	MANNVILLE	STNL	STONEWALL
BLRV	BELLY RIVER	GDRC	GOODRICH	MORR	MORRO	STON	STONE
BLSK	BLUESKY	GLCC	GLAUCONITIC SS.	MPRK	MOUNTAIN PARK	STPN	STEPHEN
BNFF	BANFF	GLPM	GENERAL PETROLEUM	MRDN	MORDEN	STSK	SOUTHESK
BOYN	BOYNE	GLWD	GILWOOD	MSBR	MOOSEBAR	STTH	SAWTOOTH
BRPW	BEARPAW	GMBL	GRUMBLER	MSKG	MUSKEG	SUCC	SUCCESS
BRSS	BROSSEAU	GNTN	GUNTON	MSKK	MUSKIKI	SULY	SULLY
BRVR	BESA RIVER	GOGG	GOG	MSKW	MUSKWA	SWFT	SWIFT
BRWD	BROWN SAND	GOLT	GOLATA	MSNC	MISSION CANYON	SWNH	SWAN HILLS
BRZU	BRAZEAU	GPPG	GYPSUM SPRINGS	MSTY	MISTY	SWNR	SWAN RIVER
BSLD	BOW ISLAND	GRBD	GREEN BEDS	MTHK	MT. HAWK	TBER	TABER
BSUT	BLACK SHALE UNIT	GRBT	GARBUTT	MTSN	MATTSON	TFLS	TWIN FALLS
BSVN	BOISSEVAIN	GRLG	GRAYLING	MTYT	MT. WHYTE	TLFL	TAYLOR FLAT
BTPK	BEATTIE PEAKS	GRMN	GRAMINIA	MWBL	MOWITCH-BELCOURT	TLSN	TILSTON
BTTL	BATTLE	GRNW	GRANITE WASH	NCSL	NEWCASTLE	TNLM	TUNNEL MOUNTAIN
BVRF	BEAVERFOOT	GRSM	GROSMONT	NKNS	NIKANASSIN	TOAD	TOAD
CARN	CAIRN	GRTT	GROTTO	NNDA	NONDA	TOQY	TORQUAY
CCPD	CONTACT RAPIDS	GTES	GATES	NRDG	NORDEGG	TRFK	THREE FORKS
CDMN	CADOMIN	GTNG	GETHING	NSKU	NISKU	TRLM	TURTLE MOUNTAIN
CDRL	CATHEDRAL	GVBG	GRAVELBOURG	NTKN	NOTIKEWIN	TRRV	TROUT RIVER
CDTT	CADOTTE	HGHD	HIGHWOOD	OCDZ	OSTRACOD ZONE	TRVL	TURNER VALLEY
CHNK	CHINOOK	HLFY	HALFWAY	OLDM	OLDMAN	TTCH	TETCHO
CKGK	COOKING LAKE	HNDO	HONDO	PCCP	POUCE COUPE	TTLN	TATHLINA
CLDK	COLD LAKE	HNSN	HANSON	PCGP	PEACE RIVER GROUP	UBMG	UPPER BLAIRMORE
CLLK	CHARLIE LAKE	HOME	HOME	PCPL	PORCUPINE HILLS	UILK	UPPER INTERLAKE
CLMR	CALMAR	HRLD	HERALD	PDDY	PADDY	UKRV	UPPER KEG RIVER
CLMT	CALMUT	HRMN	HARMON	PECH	PEECHEE	UMNV	UPPER MANNVILLE
CLNY	COLONY	HRRV	HORN RIVER	PGBD	PASSAGE BEDS	UPGR	UPPER GRAND RAPIDS
CLRD	COLORADO	HRVR	HAY RIVER	PIKA	PIKA	USHV	UPPER SHAUNAVON
CLSP	COALSPUR SCOLLARD	HSCN	HORSESHOE CANYON	PIPR	PIPER	UTRV	UPPER TURNER VALLEY
CLWS	CLEARWATER SHALE	HSLR	HASLER	PKCP	POKER CHIP SHALE	VCTR	VICTORIA
CMGS	CUMMINGS	IRTN	IRETON	PKKU	PUSKWASKAU	VGRD	VANGUARD
CMRS	CAMROSE	ISBL	ISHBEI	PKSK	PEKISKO	VKNS	VIKING SAND
CNCG	CHINCHAGA	JDTH	JUDITH RIVER	PKWK	PAKOWKI	VMLR	VERMILION RIVER
CNGO	CHUNGO	JLFU	JOLI FOU	PLCN	PELICAN	VRDN	VIRDEN
CNTH	CYNTHIA MEMBER	JNMR	JEAN MARIE	PLSR	PALLISER	WATT	WATT MOUNTAIN
CNTR	CANTUAR	JPGP	JUMPING POUND	PMBN	PEMBINA	WBMN	WABAMUN
CPSL	CYPRESS HILLS	KEGR	KEG RIVER	PNPT	PINE POINT	WBSK	WABISKAW
CRDM	CARDIUM	KKIS	KAKISA	PPHT	PROPHET	WDMN	WOOD MOUNTAIN
CRFT	CROWFOOT	KNDL	KINDLE	PPLR	POPLAR	WFWL	WATERFOWL
CRLS	CHARLES	KSBY	KISBEY	PRDN	PARDONET	WGTE	WESTGATE
CRSN	CHRISTINA	KSKN	KISKATINAW	PRDX	PERDRIX	WHRS	WHITEHORSE
CRSR	CRUISER	KSKP	KASKAPAU	PRQL	PRESQU'ILE	WKPH	WOKKPASH
CRWS	CROWSNEST	KSKS	KANANASKIS	PRVP	PRAIRIE EVAPORITE	WLCK	WILLOW CREEK
CSFD	CROSSFIELD	KTCH	KOTCHO	PSKP	PASKAPOO	WLRC	WILRICH
CSGN	COSTIGAN	KTNL	KOTANEELEE	RCKK	ROCK CREEK	WNPG	WINNIPEG
CTBK	CUT BANK	KTNY	KOOTENAY	RCLF	RATCLIFFE	WOLF	WOLF LAKE MEMBER
DBLT	DEBOLT	LABI	LA BICHE	RDBV	RED BEDS (DEVONIAN)	WPGP	WAPITI GROUP
DCRK	DOE CREEK	LAMR	LOWER AMARANTH	RDGM	RIDING MOUNTAIN	WPGS	WINNIPEGOSIS
DDWD	DEADWOOD	LBMG	LOWER BLAIRMORE	RDKF	REDKNIFE	WPIB	WAPIABI
DINA	DINA	LBRG	LOTSBERG	RDRV	RED RIVER	WRBR	WINTERBURN
DNVG	DUNVEGAN	LBSK	LOBSTICK MEMBER	REXX	REX	WRLK	WHITEWATER LAKE
DOIG	DOIG	LCLD	LOWER COLORADO	RLDG	ROUTLEDGE	WSEC	WASECA
DPRW	DUPEROW	LDGP	LODGEPOLE	RNBW	RAINBOW	WTMD	WHITEMUD
DSBY	DAWSON BAY	LDMR	LLOYDMINSTER	RNDL	RUNDLE GROUP	WTRS	WATROUS
DTSS	DETRITAL SANDSTONE	LDUC	LEDUC	RRDN	RIERDON	WTRW	WATERWAYS
DUDN	DUNEDIN	LILK	LOWER INTERLAKE	RSRY	ROSERAY	YOMN	YEOMAN
DVRN	DUVERNAY	LIRD	LIARD	RSTN	RESTON	ZAMA	ZAMA

Appendix D — General Evaluation Parameters

Royalties and Mineral Taxes

The lessor and overriding royalties were based on existing agreements and government regulations. The Crown royalty rates and the Freehold Mineral Taxes were based upon existing provincial regulations.

Operating and Capital Costs

Operating and capital costs were based on the period for which accounting statements and historical authorizations for capital expenditures (AFE's) and for budgets were received and were escalated to the dates when these costs would be incurred. When escalated, the operating costs and capital costs were escalated based upon the schedule of escalation factors included in Appendix B, Table P-1.

By-Product Reserves

The Company's proved and probable by-product reserves are associated with certain properties evaluated in this report. There are no NGL's recovered from the Company's wells in the Wildboy area. The by-product reserves and production forecasts were based on the recovery rates determined from revenue statements (barrels per MMcf of natural gas) and the natural gas reserves and production forecasts.

Future prices were estimated based on the forecasts presented in Appendix B.

Gas Cost Allowance

British Columbia

Estimates of the Producer Cost of Service (PCOS) and third party custom processing and gathering fees have been included with each individual entity in British Columbia.

Freehold and Royalty Gas

No deductions from the payable or receivable freehold and royalty interest gas volumes have been included based on the agreements provided by the Company.

Net Volumes

Net volumes have not been adjusted for GCA deduction in accordance with regulatory reporting guidelines set forth within NI 51-101.

Abandonment and Reclamation

Abandonment and reclamation costs represent all costs associated with the process of restoring a company's properties, which have been disturbed by oil and gas activities, to a standard imposed by applicable government or regulatory authorities. Pursuant to guidance provided by regulatory agencies, the costs included in this report do not represent the total decommissioning liabilities of the Company but only those costs related to abandonment and reclamation of active wells and material dedicated facilities associated with the Company's active oil and gas activities in a property. Hence, decommissioning liabilities associated with various non-producing wells, gathering systems and various processing facilities may not be included in this report. Examples of material dedicated facilities could be SAGD projects, offshore projects or properties where it is clear that the facilities are dedicated to a given property. This is not meant to include minor facilities such as tanks, dehydrators etc., or non-material facilities that service small or multiple properties.

The Company was requested to provide abandonment and reclamation costs for all existing development, material dedicated facilities, and future development evaluated in this report.

In the absence of Company data, Sproule estimates well abandonment and reclamation costs based on abandonment and reclamation cost studies conducted by government agencies in British Columbia.

Final abandonment and reclamation costs included in this report have been prepared and included as follows:

Abandonment and reclamation costs for existing wells with economic developed reserves assigned in this report have been estimated by Sproule and included in the report at the entity level.

Abandonment and reclamation costs for existing material dedicated facilities have been estimated by the Company and were included in the report at the property level.

Abandonment and reclamation costs for future development drilling locations have been estimated by Sproule and included in the report at the entity level.

Abandonment and reclamation costs for future material dedicated facilities have been estimated by the Company and were included in the report at the property level.

This report does not include abandonment and reclamation costs associated with active producing wells, which were not economic to produce under the forecast prices utilized in this report, active service wells, inactive wells, and various active or inactive gathering and processing facilities, that the company holds an interest in, that were not identified as being material dedicated facilities by the Company.

No allowances for salvage were incorporated into the abandonment and reclamation costs contained in this report.

Orphan Well Fund Levies

Cash flows do not include Company payment to various jurisdictional orphan well fund programs.

Overhead Expenses

Operating Cost Overhead

Operating cost overhead charges and recoveries associated with the Company's properties, whether operated or non-operated, have been excluded for the purposes of this evaluation.

Capital Cost Overhead

Capital cost overhead charges and/or recoveries have not been included in the evaluation and forecast of future capital cost spending.

Other Items

Carbon Taxes

Material carbon tax payments and carbon tax credit purchases identified in the Company's operating statements have been modeled by the Company and incorporated into our evaluation as part of the total operating expenses.

Revenues generated from carbon tax credit sales have not been incorporated into our evaluation.

Financial Instruments

Cash flows and corporate runs do not include the effects of various financial instruments the Company may hold, such as pricing hedging contracts and/or various put and call options.

Compensatory Royalty

Cash flows do not include the payment of compensatory royalties to hold various freehold or crown leases, or the receipt of compensatory royalties paid by others to the Company, to hold the rights to develop the Company's freehold lands.

Corporate Income Taxes

At the request of the Company, income taxes have not been considered in this report. However, for completeness, the procedure used in calculating Canadian income tax is set out below.

All royalties on production from Indian Lands are deductible. Non-Crown (that is, freehold or overriding) royalties are subdivided as follows, for income tax calculations:

(a) Production royalties are those non-Crown royalties which are subject to payments to the Crown (including Freehold Mineral Taxes (Alberta), Freehold Production Taxes (Saskatchewan), and Incremental Taxes (Manitoba)).

(b) Resource Royalties are those non-Crown royalties which are not subject to non-deductible Crown payments.

The procedure for calculating Canadian income taxes used in this report, is as follows:

1. Determine revenues from the production and sale of oil, gas, and by-products, including sulphur, from field processing of gas of other producers, and from gas production royalties. (This calculation is to be made gross of any Crown charges.)
2. Deduct operating and direct overhead costs.
3. Deduct capital cost allowance (depreciation).
4. Deduct production royalties paid or payable.
5. Deduct Crown charges (Crown royalties and freehold mineral taxes).
6. Deduct resource royalties paid.
7. Deduct intangible costs:

- 10 percent of non-amortized balance at end of year for Canadian Oil and Gas Property Expense (COGPE),
- 30 percent of non-amortized balance at end of year for Canadian Development Expense (CDE),
- 100 percent of Canadian Exploration Expense (CEE).

8. Deduct interest, NPI expenses, abandonment costs, and Saskatchewan capital tax.

9. Deduct earned depletions. This deduction was discontinued many years ago. However, some companies could have a residual balance available. If so, the amount that can be claimed is the lesser of production profits (for this purpose includes resource royalties earned and is reduced by deduction for resource royalties paid or payable, and COGPE, CDE, and CEE deductions and interest) and the remaining balance of earned depletion.

10. Add resource royalties received or receivable, and other income (including NPI income).

11. Calculate taxable income for federal and provincial tax purposes, which equals the amount by which the aggregate of Items 1 and 10 exceed the aggregate of Items 2 through 9.

12. Calculate federal income taxes payable by multiplying federal taxable income by the federal tax rate.

13. Calculate provincial income taxes payable by multiplying provincial taxable income by the appropriate provincial tax rate.

Processing Income

Some clarification is required with regard to the definition of field processing plants. The following describes plants where the processing revenue would be included in the resource revenue.

(a) Field separation and dehydration facilities.

(b) A natural gas processing plant which processes raw natural gas to the point of acceptance by a common carrier, including the processing of hydrogen sulphide.

(c) Fully integrated plants that take raw natural gas through the whole process of converting such gas to natural gas liquids and to further convert the natural gas liquids to liquefied petroleum products.

The following describes plants where the processing revenue would not be included in the resource revenue.

(a) Straddle plants which enhance the recovery of natural gas liquids.

(b) Any part of a natural gas processing plant that is devoted primarily to the recovery of ethane.

(c) Plants used in the processing of heavy crude oil or a tar sands deposit.

Capital Cost Allowance

Capital cost allowance (CCA) is the rate at which the government allows depreciation on tangible capital investment items.

The principal classes of interest to an oil or gas producer for new capital investments are:

Class	Description	Write-Off
2	Oil or gas transmission pipelines of more than 15 years' life.	6% declining balance
7	Vessels, including offshore drilling vessels.	25% declining balance
8	Oil or gas transmission pipelines with a life of 15 years or less, any refineries, separators not included in Class 43, compressors.	20% declining balance
12	The cost, after November 16, 1978, of removing overburden after the start of production at a mine. Computer software, other than systems software.	100%
28	Mining assets acquired in a major expansion of a mine or before the start of production which would otherwise be in Class 41.	25% declining balance

Class	Description	Write-Off
41	Drilling rigs, gas or oil well equipment. Oil or gas gathering lines leading to a transmission pipeline or natural gas processing plant, and field processing plants. Automotive equipment. Mining buildings, equipment, social capital and spur lines not included in Class 28. Electric data processing equipment including systems software.	25% declining balance
43	Refineries acquired after May 8, 1972. Plants acquired after April 10, 1978 to upgrade heavy oil, straddle plants, and any part of a gas processing plant devoted primarily to the recovery of ethane.	30% declining balance

When using the declining balance, the prescribed rate is applied to the undepreciated portion of the capital costs in a particular class at the end of the fiscal year. It is not necessary to claim full capital cost allowance, and any amount from zero to the stated maximum can be claimed. In the year that the capital cost is incurred, only one-half of the stated maximum is allowed.

The asset descriptions contained in the Income Tax Act are drafted precisely. If an asset does not exactly fit the description of a class, then it is not to be included in that class.

Class 8 is a residual class. If property does not qualify for inclusion in any other class, and if it is not specifically excluded from Class 8, then it falls into Class 8.

Intangible Costs

Intangible costs are certain of the capital costs which, for taxable net income calculation purposes, are expensed or written off in the year of expenditures or at a specified rate over a number of years.

A distinction is made for tax purposes between **Canadian Exploration Expense**, **Canadian Development Expense**, and **Canadian Oil and Gas Property Expense**. All these expenses may be carried forward indefinitely. These expenses must be reduced by the amount of any incentive payments made by the Federal government for exploration or development.

(a) **Canadian Exploration Expense (CEE)** includes intangible costs of drilling exploratory wells, as well as geological and geophysical expenses and all dry wells. These costs may be written off at the rate of 100 percent by principal business corporations in the year in which the expenditure was made.

(b) **Canadian Development Expense (CDE)** includes intangible development drilling costs. Canadian Development Expense is written off at the rate of 30 percent per annum of the diminishing balance.

(c) **Canadian Oil and Gas Property Expense (COGPE)** includes the cost of purchasing any producing oil and gas reserves and any unproven P&NG properties. This expense is written off at the rate of 10 percent per annum of the diminishing balance.

Income Tax Rates

The tax rates used for an escalated case reflect the current position of the Federal and Provincial governments with respect to income taxes in Canada. A constant case will reflect the current tax rates held flat for the projection period. The following table provides the taxation rates for the current year and the final year of the transition period.

Resource and Processing Income Tax Rates

	Resource Income, %				Processing Income[1], %			
	2016	2017	2018[2]	2019[2]	2016	2017	2018[2]	2019[2]
Federal Rate:	38.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0
M&P Deduction	0.0	0.0	0.0	0.0	(13.0)	(13.0)	(13.0)	(13.0)
Rate Reduction	(13.0)	(13.0)	(13.0)	(13.0)	0.0	0.0	0.0	0.0
Federal Abatement	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)
Net Federal Rate:	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Provincial Rates:								
Alberta	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
British Columbia	11.0	11.0	12.0	12.0	11.0	11.0	12.0	12.0
Manitoba	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
New Brunswick	12.0/14.0	14.0	14.0	14.0	12.0/14.0	14.0	14.0	14.0
Newfoundland	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Northwest Territories	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5
Nova Scotia	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
Nunavut	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Ontario	11.5	11.5	11.5	11.5	10.0	10.0	10.0	10.0
Prince Edward Island	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
Quebec[5]	11.9	11.8	11.7	11.6	11.9	11.8	11.7	11.6
Saskatchewan	12.0	12.0/11.5	12.0[3]	12.0[3]	10.0	10.0/9.5	10.0[4]	10.0[4]
Yukon	15.0	15.0/12.0	12.0	12.0	2.5	2.5	2.5	2.5

(1) Manufacturing and processing.

(2) Substantively Enacted Rates as of December 31, 2017.

(3) 12.0 effective January 1, 2018

(4) 10.0 effective January 1, 2018

(5) 11.6 effective January 1, 2019, 11.5 effective January 1, 2020.

Successor Rules

Successor rules may apply where there has been an acquisition by a corporation, in which case resource tax pools that are transferred to the purchaser will be streamed so that they will only be allowed as deductions against proceeds attributable to the resource properties acquired from the vendor. This report does not reflect the impact of Successor Rules.

Appendix E – Engagement Agreement

The Engagement Agreement has been included as Appendix E; it presents the terms and conditions of the consulting services, and the representations and warranties of the Company.

Sproule

Ref.: 4824

February 21, 2018

Mr. Ryan Tobber
Ranch Energy Corporation
1200, 815 – 8th Avenue SW
Calgary, AB T2P 3P2

Re: Engagement Agreement

Dear Mr. Tobber:

Ranch Energy Corporation (hereinafter "**Ranch**") have requested Sproule Associates Limited ("**Sproule**") to render certain oil and gas consulting services to you as Client (hereinafter sometimes collectively "**Ranch**") on the terms, and subject to the conditions and limitations hereinafter set forth. It is anticipated that Ranch may utilize Sproule's services from time to time in the future, and all services which Sproule may in its discretion elect to render to Ranch or for Ranch's account shall be rendered in accordance with the terms of this Agreement unless and until terminated or amended by both Parties in writing.

To the extent requested by Ranch, Sproule agrees (i) to estimate the gross and net proved and probable reserves attributable to the property interests represented to Sproule to be owned by Ranch utilizing Sproule's customary methods and procedures and (ii) to estimate the future net revenue to be realized with respect to such reserves based upon economic forecasts of producing rates, product prices, and development and operating costs. Sproule customarily takes into account the following factors in arriving at such estimates:

(a) burdens applicable to the property interest, including landowners, net profits interests, carried interests and other similar burdens, which Ranch advises Sproule are applicable to the interests to be evaluated;

(b) estimated ultimate and gross and net recoverable reserves;

(c) estimated development and operating costs;

(d) estimated future capital investments;

(e) estimated future product prices.

Ranch shall furnish Sproule all basic data required by Sproule for its evaluation estimates, including the following:

(a) farmout and other acquisition agreements;

(b) production reports;

(c) well histories;

(d) well logs;

(e) geological and land maps;

(f) gas purchase and sale contracts, transportation and marketing agreements;

(g) product contracts and prices;

(h) historical revenue, capital cost, and operating expense data;

(i) ownership interests for lands and facilities;

(j) capital cost estimates;

(k) descriptions of reversionary interests;

(l) abandonment and reclamation cost estimates;

(m) income tax estimates and information.

Subject to the requirements of National Instrument 51-101, Sproule may rely upon the validity and accuracy of all data furnished by Ranch to Sproule, or obtained from public or customary industry sources, and shall not be required to conduct any independent investigations, including field investigations. In particular, Sproule may rely upon the ownership interests furnished by Ranch without the necessity for any title examination and may rely upon gas and product prices furnished by Ranch without independently reviewing and interpreting sales contracts or being responsible for the proper interpretation of applicable provincial and federal gas and product price regulations.

Ranch agrees to pay, and Sproule agrees to accept, Sproule's customary fees for the services to be rendered by Sproule, subject to ordinary course adjustments to Sproule's customary fees from time to time. Sproule will bill Ranch for all services rendered and expenses incurred, and Ranch agrees to pay all statements promptly following receipt. Ranch agrees to pay all expenses paid or incurred by Sproule for Ranch's account, which shall include stenographic and statistical services, long distance telephone charges, document reproduction, travel, and computer charges.

Sproule shall retain a copy of all data furnished to Sproule by Ranch that Sproule deems necessary or appropriate for inclusion in its files. Any reproduction shall be at the expense of Ranch. Sproule agrees upon request by Ranch to reproduce and return to Ranch all original documents furnished by Ranch.

As between the Parties, each Party will at all times be and remain the sole and exclusive owner of its own intellectual and other property. Without limiting the foregoing, the Parties acknowledge and agree that:

(1) all information, data, databases, know-how, processes, formulas, improvements, discoveries, developments, designs, inventions, techniques, and other intellectual property specific to Ranch, and created or populated by Sproule as a result of or in connection with the performance of this Agreement, shall be and remain the property of Ranch, and all rights, titles and interests therein hereby, and upon creation, shall automatically vest in Ranch, and furthermore Sproule hereby waives all moral rights therein on behalf of itself and its representatives; and

(2) all information, data, databases, know-how, processes, formulas, improvements, discoveries, developments, designs, inventions, techniques, and other intellectual property not specific to Ranch, but created or populated by Sproule as a result of or in connection with the performance of this Agreement, shall be and remain the property of Sproule, and all rights, titles and interests therein hereby, and upon creation, shall automatically vest in Sproule.

Ranch recognizes and agrees that all evaluations to be prepared by Sproule will be estimates only, and Ranch agrees that such evaluations shall be so represented to third parties.

Ranch warrants to Sproule that

(1) all data hereafter furnished to Sproule shall be complete and accurate; and

(2) no material data will be omitted.

Sproule understands that Ranch may wish to use evaluations, reports, and opinions of Sproule in connection with securities-related transactions that are subject to federal or provincial laws, rules, or regulations ("securities transactions"). Ranch agrees not to use the evaluations, reports, or opinions in securities transactions without the prior written consent of Sproule, such consent not to be unreasonably withheld. In the event Sproule elects to give its consent to use evaluations, reports, and opinions of Sproule in securities transactions, Ranch agrees to indemnify and hold harmless Sproule and its directors, officers, employees, agents, and shareholders from and against any and all losses, claims, damages, expenses, or liabilities, joint or several or joint and several, to which they or any of them may become subject under any statute, regulation, policy, rule, notice, or at common law or equity or otherwise, and, except as hereinafter provided, will reimburse Sproule and each such person, if any, for any and all legal or other expenses reasonably incurred by them or any of them in connection with investigating or defending any actions or proceedings whether or not resulting in any liability, insofar as such losses, claims, damages, expenses, liabilities, or actions

(1) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any document in which the report of Sproule appears in whole or in part, including, but not limited to, any annual report, information, circular, proxy statement, press release, material change report, offering memorandum, any registration statement, any preliminary, amended, or final prospectus, or any other document prepared by Ranch; or

(2) arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein not misleading, or

(3) result from a failure on the part of Ranch to otherwise meet its disclosure obligations under applicable securities laws, legislation, rules, regulations, notices, or policies

unless (i) such untrue statement or omission was made in such document in reliance upon and in conformity with information furnished in writing to Ranch in connection therewith by Sproule expressly for use therein, and (ii) the information furnished by Sproule is neither based upon any untrue statement nor arises out of an omission in data furnished by Ranch.

Promptly after receipt by Sproule or any of its directors, officers, employees, agents, and shareholders of notice of the commencement of any action in respect of which indemnity may be sought hereunder, Sproule shall notify Ranch in writing of the commencement thereof, and, subject to the provisions hereunder stated, Ranch shall assume the defense of such action (including the engagement of counsel, who shall be counsel satisfactory to Sproule or such person, as the case may be, and the payment of fees and expenses) insofar as such action shall relate to any alleged liability in respect of which indemnity may be sought hereunder. Sproule or any such person shall have the right to engage separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall not be at Ranch's expense unless the engagement of such counsel has been specifically authorized by Ranch. Ranch shall not be liable to indemnify any person for any settlement of any such action effected without Ranch's consent.

Ranch agrees that Sproule's fee covers only preparation and delivery of evaluations, opinions, and work products. Ranch agrees that Sproule's fee shall not cover any testimony solicited and/or subpoenaed from any of Sproule's personnel before any Court or in any administrative proceeding or other similar hearing, all of which shall be billed to Ranch at Sproule's customary fees for such services.

No evaluation, report, or opinion of Sproule may be relied upon by a third party other than Ranch without written notice from such third party to Sproule stating the purpose of such reliance, and without giving Sproule an opportunity to discuss (i) the basis for any such evaluation, report, and/or opinion, (ii) whether such reliance is reasonable and prudent based upon facts and circumstances occurring subsequently thereto to the knowledge of Sproule, and (iii) whether such reliance is appropriate in view of the assumptions utilized by Sproule at Ranch's direction. Ranch agrees not to furnish any evaluation, report, or opinion of Sproule to any third party for any purpose except subject to the terms and conditions contained in this Agreement.

Ranch agrees not to solicit for employment any officer, director or key employee of Sproule; provided that this prohibition shall not apply to solicitations made by Ranch to the public or the industry generally, and Ranch shall not be prohibited from employing any such person who contacts Ranch on his or her own initiative without any prohibited solicitation.

Notwithstanding any other provision of this Agreement, the Parties agree that with respect to each project performed by Sproule under this Agreement, the maximum, aggregate liability of Sproule to Ranch in respect of each such project will not in any event exceed an amount equal to one hundred percent (100%) of the fees paid to Sproule under this Agreement in respect of such project.

If the foregoing terms correctly set forth our agreement, please execute the enclosed copy of this letter and upon receipt of a fully executed copy in our office on or before February 28, 2018, the foregoing terms and provisions shall constitute a binding contract between us effective as of February 21, 2018.

Sincerely,

Sproule Associates Limited

Cameron P. Six, P.Eng.
President and CEO

RAB:emr
W:\Client Work Documents\4624\Eng Agreements\Engagement Agreement Effective 2018 02 21.docx

The foregoing terms and provisions are hereby accepted and agreed to on behalf of the undersigned and any third party for whom the undersigned requests Sproule to render services this 21 day of Feb 2018, to take effect as of February 21, 2018.

By

RYAN TOBBER
President & CEO

Title

Ranch Energy Corporation

Company

Appendix F – Representation Letter

The Representation Letter has been included as Appendix F; it was prepared by Officers of the Company and confirms the accuracy, completeness and availability of all data requested by Sproule and or otherwise furnished to Sproule during the course of our evaluation of the Company's assets, herein reported on.

RANCH ENERGY

Ranch Energy Corporation
Suite 1200 - 815, 8th Avenue SW
Calgary, Alberta, T2P 3P2
P: 1-888-726-2488 (888-Ranch-88)
E: Info@ranchenergy.ca

March 9, 2018

Sproule Associates Limited
900, 140 – 4th Avenue SW
Calgary, AB T2P 3N3

Dear Sir:

Regarding the evaluation of our Company's oil and gas reserves and independent appraisal of the economic value of these reserves (the "Reserves Evaluation") for the year ended December 31, 2017 (the "Effective Date"), we herein confirm, to the best of our knowledge and belief after due inquiry, as of the Effective Date and, as applicable, as of today, the following representations and information made available to you during the conduct of the Reserves Evaluation:

1. We (the Client) have made available to you (the Evaluator) certain records, information, and data relating to the evaluated properties that we confirm is, with the exception of immaterial items, complete and accurate as of the Effective Date of the Reserves Evaluation, including, where applicable, the following:

    - accounting, financial, tax, and contractual data;
    - asset ownership and related encumbrance information;
    - details concerning product marketing, transportation, and processing arrangements;
    - all technical information including geological, engineering, and production and test data;
    - estimates of future abandonment and reclamation costs, excluding adjustments for salvage, for developed and undeveloped wells and material dedicated facilities, both existing and planned.

2. We confirm that all financial and accounting information provided to you is, both on an individual entity basis and in total, entirely consistent with that reported by our Company for public disclosure and audit purposes.

3. We confirm that our Company has satisfactory title to all of the assets, whether tangible, intangible, or otherwise, for which accurate and current ownership information has been provided.

4. With respect to all information provided to you regarding product marketing, transportation, and processing arrangements, we confirm that we have disclosed to you all anticipated changes, terminations, and additions to these arrangements that could reasonably be expected to have a material effect on the evaluation of our Company's reserves and future net revenues.

5. With the possible exception of items of an immaterial nature, we confirm the following as of the Effective Date:

    - For all operated properties that you have evaluated, no changes have occurred or are reasonably expected to occur to the operating conditions or methods that have been used by our Company over the past twelve (12) months, except as disclosed to you. In the case of non-operated properties, we have advised you of any such changes of which we have been made aware.
    - All regulatory approvals, permits, and licenses required to allow continuity of future operations and production from the evaluated properties are in place and, except as disclosed to you, there are no directives, orders, penalties, or regulatory rulings in effect or expected to come into effect relating to the evaluated properties.
    - Except as disclosed to you, the producing trend and status of each evaluated well or entity in

Ranch Energy Corporation
Suite 1200 - 815, 8th Avenue SW
Calgary, Alberta, T2P 3P2
P: 1-888-726-2488 (888-Ranch-88)
E: Info@ranchenergy.ca

effect throughout the three-month period preceding the Effective Date are consistent with those that existed for the same well or entity immediately prior to this three-month period.

- Except as disclosed to you, we have no plans or intentions related to the ownership, development, or operation of the evaluated properties that could reasonably be expected to materially affect the production levels or recovery of reserves from the evaluated properties.
- If material changes of an adverse nature occur in the Company's operating performance subsequent to the Effective Date and prior to the report date, we will inform you of such material changes prior to requesting your approval for any public disclosure of any reserves information.

Between the Effective Date and the date of this letter nothing has come to our attention that has materially affected or could materially affect our reserves and the economic value of these reserves that has not been disclosed to you.

Yours very truly,

Ranch Energy Corporation
COMPANY

SIGNATURE

Ryan Tobber
NAME

President & CEO
TITLE

THIS IS EXHIBIT "O" REFERRED TO IN

THE AFFIDAVIT OF RYAN TOBBER

SWORN BEFORE ME

THIS 3RD DAY OF JULY, 2018

A Commissioner of Oaths
in and for the Province of Alberta

Anthony Mersich
Barrister and Solicitor

OpsMobil et al
Cash Flow Forecast
$CAD 000's

Week Ending Date	Notes	Week 1 July 7, 2018	Week 2 14-Jul-18	Week 3 21-Jul-18	Week 4 28-Jul-18	Week 5 04-Aug-18	Week 6 11-Aug-18	Week 7 18-Aug-18	Week 8 25-Aug-18	Week 9 01-Sep-18	Week 10 08-Sep-18	Week 11 15-Sep-18	Week 12 22-Sep-18	Week 13 29-Sep-18	
RECEIPTS															
Intercompany advances from Ranch	1		125	-	-	350	-	350	-	-	-	350	-	-	1,175
Other A/R	2	63	16	80	110										269
RofR receipts		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating receipts		63	141	80	110	350	-	350	-	-	-	350	-	-	1,444
DISBURSEMENTS															
Operating expenses															
Operating costs	3	22	-	-	-	22	-	-	-	22	-	-	-	22	88
General and administrative expenses	4	29	17	-	-	29	17	-	-	29	17	-	-	30	168
CRA source deduction - arrears	5														-
Salaries and consultant fees	6	-	185	-	185	-	185	-	185	-	185	-	185	-	1,110
Total operating costs		51	202	-	185	51	202	-	185	51	202	-	185	52	1,366
Restructuring Costs	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change in cash flow		12	(61)	80	(75)	299	(202)	350	(185)	(51)	(202)	350	(185)	(52)	78
Opening available cash		-	12	(49)	31	(44)	255	53	403	218	167	(35)	315	130	-
Interim (DIP) Borrowings															-
Ending available cash		12	(49)	31	(44)	255	53	403	218	167	(35)	315	130	78	78

Name Ryan Tobber
Title President

July 3/18
DATE

OpsMobil et al
Notes to the Cash Flow Forecast
$CAD 000's

Management of OpsMobil have prepared this forecasted cash flow statement based on probable and hypothetical assuptions detailed in the notes below.

The forecast has been prepared solely for the OpsMobil's CCAA filing to determine liquidity requirements. Since the projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material. Consequently, readers are cautioned that it may not be appropriate for other purchases.

Note 1	Intercompany advance from Ranch to pay for employee wages and other related expenses
Note 2	Estimated collections on account receiveables relating to discontinued divisions of OpsMobil entities
Note 3	Operating costs consist mainly of IT and communication expenses
Note 4	G&A expense mainly relating to fleet and general insurance and miscellaneous costs
Note 5	CRA source deductions (arrears) outstanding of approximately $3.7 million. Payments to CRA are expected to be stayed under proposed CCAA Order.
Note 6	Salary and consulting fees relating to 18 field staff, admin staff and other staff members
Note 7	Restructuring costs paid in Ranch Energy Corporation. Expected allocation of costs to be conducted at a later date with respect to these fees.

OpsMobil

July 2, 2018

Alvarez & Marsal Canada Inc.
Bow Valley Square IV
Suite 1110, 250 – 6th Avenue SW
Calgary, Alberta T2P 3H9

Attention: Orest Konowalchuk, CPA, CA, CIRP, LIT

Dear Sir:

Re: **Proceedings under the Companies' Creditors Arrangement Act ("CCAA")**

Responsibilities/Obligations and Disclosure with respect to Cash Flow Projections

In connection with the application by OpsMobil Inc., OpsMobil Group Inc., OpsMobil Construction Inc. and OpsMobil Energy Services Inc. (collectively, "OpsMobil") for the commencement of proceedings under the CCAA, the management of OpsMobil (the "Management") has prepared the attached 13-week projected cash flow statement for the period July 2, 2018 to September 29, 2018 (the "Cash-Flow Statement") and the list of assumptions on which the Cash Flow Statement is based. The purpose of the Cash Flow Statement is to determine the liquidity requirements of OpsMobil during the CCAA proceedings.

OpsMobil confirms that the hypothetical assumptions on which the Cash Flow Statement is based are reasonable and consistent with the purpose described herein, and the probable assumptions are suitably supported and consistent with the plans of OpsMobil and provide a reasonable basis for the projections. All such assumptions are disclosed in notes to the Cash Flow Statement (the "Notes").

Since the projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projections have been prepared solely for the purpose described herein, using the probable and hypothetical assumptions set out in the Notes. Consequently, readers are cautioned that the Cash Flow Statement may not be appropriate for other purposes.

Yours truly,
OpsMobile Inc., OpsMobil Group Inc.,
OpsMobil Construction Inc. and OpsMobil Energy Services Inc.

Ryan Tobber
President

THIS IS EXHIBIT "P" REFERRED TO IN

THE AFFIDAVIT OF RYAN TOBBER

SWORN BEFORE ME

THIS 3RD DAY OF JULY, 2018

A Commissioner of Oaths
in and for the Province of Alberta

Anthony Mersich
Barrister and Solicitor

OpsMobil et al
Cash Flow Forecast
$CAD 000's

Week Ending Date	Notes	Week 1 July 7, 2018	Week 2 14-Jul-18	Week 3 21-Jul-18	Week 4 28-Jul-18	Week 5 04-Aug-18	Week 6 11-Aug-18	Week 7 18-Aug-18	Week 8 25-Aug-18	Week 9 01-Sep-18	Week 10 08-Sep-18	Week 11 15-Sep-18	Week 12 22-Sep-18	Week 13 29-Sep-18	
RECEIPTS															
Intercompany advances from Ranch	1		125	-	-	350	-	350	-	-	-	350	-	-	1,175
Other A/R	2	63	16	80	110										269
RofR receipts		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating receipts		63	141	80	110	350	-	350	-	-	-	350	-	-	**1,444**
DISBURSEMENTS															
<u>Operating expenses</u>															
Operating costs	3	22	-	-	-	22	-	-	-	22	-	-	-	22	88
General and administrative expenses	4	29	17	-	-	29	17	-	-	29	17	-	-	30	168
CRA source deduction - arrears	5														-
Salaries and consultant fees	6	-	185	-	185	-	185	-	185	-	185	-	185	-	1,110
		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating costs		51	202	-	185	51	202	-	185	51	202	-	185	52	1,366
Restructuring Costs	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
															-
Net change in cash flow		12	(61)	80	(75)	299	(202)	350	(185)	(51)	(202)	350	(185)	(52)	78
Opening available cash		-	12	(49)	31	(44)	255	53	403	218	167	(35)	315	130	-
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Ending available cash		12	(49)	31	(44)	255	53	403	218	167	(35)	315	130	78	78

Name Ryan Tobber
Title President

July 3 /18
DATE

OpsMobil et al
Notes to the Cash Flow Forecast
$CAD 000's

Management of OpsMobil have prepared this forecasted cash flow statement based on probable and hypothetical assuptions detailed in the notes below.

The forecast has been prepared solely for the OpsMobil's CCAA filing to determine liquidity requirements. Since the projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material. Consequently, readers are cautioned that it may not be appropriate for other purchases.

Note 1	Intercompany advance from Ranch to pay for employee wages and other related expenses
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OpsMobil

July 2, 2018

Alvarez & Marsal Canada Inc.
Bow Valley Square IV
Suite 1110, 250 – 6th Avenue SW
Calgary, Alberta T2P 3H9

Attention: Orest Konowalchuk, CPA, CA, CIRP, LIT

Dear Sir:

Re: **Proceedings under the Companies' Creditors Arrangement Act ("CCAA")**

Responsibilities/Obligations and Disclosure with respect to Cash Flow Projections

In connection with the application by OpsMobil Inc., OpsMobil Group Inc., OpsMobil Construction Inc. and OpsMobil Energy Services Inc. (collectively, "OpsMobil") for the commencement of proceedings under the CCAA, the management of OpsMobil (the "Management") has prepared the attached 13-week projected cash flow statement for the period July 2, 2018 to September 29, 2018 (the "Cash-Flow Statement") and the list of assumptions on which the Cash Flow Statement is based. The purpose of the Cash Flow Statement is to determine the liquidity requirements of OpsMobil during the CCAA proceedings.

OpsMobil confirms that the hypothetical assumptions on which the Cash Flow Statement is based are reasonable and consistent with the purpose described herein, and the probable assumptions are suitably supported and consistent with the plans of OpsMobil and provide a reasonable basis for the projections. All such assumptions are disclosed in notes to the Cash Flow Statement (the "Notes").

Since the projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projections have been prepared solely for the purpose described herein, using the probable and hypothetical assumptions set out in the Notes. Consequently, readers are cautioned that the Cash Flow Statement may not be appropriate for other purposes.

Yours truly,
OpsMobile Inc., OpsMobil Group Inc.,
OpsMobil Construction Inc. and OpsMobil Energy Services Inc.

Ryan Tobber
President

THIS IS EXHIBIT "Q" REFERRED TO IN

THE AFFIDAVIT OF RYAN TOBBER

SWORN BEFORE ME

THIS 3RD DAY OF JULY, 2018

A Commissioner of Oaths
in and for the Province of Alberta
Anthony Mersich
Barrister and Solicitor

Clerk's Stamp

COURT FILE NO.	1801-
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended
	AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF RANCH ENERGY CORPORATION, OPSMOBIL INC., 1734163 ALBERTA INC., 1859821 ALBERTA INC., AIR DALLAIRE LTD., OPSMOBIL GROUP INC., OPSMOBIL CONSTRUCTION INC., OPSMOBIL ENERGY SERVICES INC. and K.L. CAPITAL CORP.
DOCUMENT	**CONSENT TO ACT AS MONITOR**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Gowling WLG (Canada) LLP 1600, 421 – 7th Avenue S.W. Calgary, AB T2P 4K9 Attention: Tom Cumming / Anthony Mersich Telephone: (403) 298-1938 / 403-298-1831 Facsimile: (403) 695-3538 E-mail: tom.cumming@gowlingwlg.com / anthony.mersich@gowlingwlg.com File No.: V41817

Alvarez & Marsal Canada Inc., a licensed insolvency trustee, does hereby consent to act as monitor of Ranch Energy Corporation, OpsMobil Inc., 1734163 Alberta Inc., 1859821 Alberta Inc., OpsMobil Group Inc., OpsMobil Construction Inc., OpsMobil Energy Services Inc. and K.L. Capital Corp., if so ordered by this Honourable Court.

DATED at Calgary, Alberta and effective this 2nd day of July, 2018.

Alvarez & Marsal Canada Inc.
By:

Name: Orest Konowalchuk, LIT
Title: Senior Vice President

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