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Form 27
Rule 6.3

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Court File Number	1801-09188
Court	COURT OF QUEEN'S BENCH OF ALBERTA
Judicial Centre	CALGARY
	IN THE MATTER OF THE RECEIVERSHIP OF OPSMOBIL INC., RANCH ENERGY CORPORATION, 1734163 ALBERTA INC., 1859821 ALBERTA INC., AIR DALLAIRE LTD., OPSMOBIL GROUP INC., OPSMOBIL CONSTRUCTION INC., OPSMOBIL ENERGY SERVICES INC. and K.L. CAPITAL CORP. IN THE MATTER OF SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, c B-3, as amended
Applicant	THIRD EYE CAPITAL CORPORATION
Respondents	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**
Address for Service and Contact Information of Party Filing this Document	**STIKEMAN ELLIOTT LLP** Barristers & Solicitors 4300 Bankers Hall West, 888-3rd Street S.W., Calgary, Canada T2P 5C5 **Attention: Joseph Reynaud / Nathalie Nouvet / David Price** jreynaud@stikeman.com / nnouvet@stikeman.com / dprice@stikeman.com Tel: (514) 397-3019/ (403) 266-9093 Fax: (403) 266-9034 Lawyers for the Applicant, Third Eye Capital Corporation File No.: 120536-1037

SIXTH AFFIDAVIT OF MARK HORROX

Sworn on October 24, 2018.

I, Mark Horrox, of the City of TORONTO, in the Province of ONTARIO, SWEAR AND SAY THAT:

1. I am a Principal at Third Eye Capital Corporation ("**TEC**"). I have been directly involved with the accounts of Ranch Energy Corporation ("**Ranch**"), OpsMobil Inc., 1734163 Alberta Inc., 1859821 Alberta Inc., Air Dallaire Ltd., OpsMobil Group Inc. ("**OpsMobil**"), OpsMobil Construction Inc., OpsMobil Energy Services Inc., and K.L. Capital Corp. (collectively, the "**Debtors**"). I have personal knowledge of the matters deposed to in this Affidavit, except when stated to be based upon information and belief, in which case I believe the same to be true.

2. I am duly authorized to swear this Affidavit on behalf of TEC.

3. TEC is the first ranking secured creditor of the Debtors, including Ranch, and in this capacity, on June 26, 2018, made an application in this Court file (the "**Receivership Application**") for orders appointing Ernst & Young Inc. ("**E&Y**" or the "**Receiver**") as receiver to the assets, undertakings and properties of the Debtors, which application was granted on July 19, 2018.

4. This Affidavit is made in response to the application filed by Predator Oil BC Ltd. ("**Predator**") on October 18, 2018 (the "**Predator Application**"), in which Predator seeks advice, directions and orders with respect to, *inter alia*:

   a) The operation of the oil and gas assets of Ranch (the "**Assets**") by the Receiver, including whether Predator should act as contract operator of the Assets and, in such an event, ancillary orders including the creation of a charge against the Assets in favour of Predator for funds spent on operating the Assets;

   b) In the alternative, whether the Receiver should initiate and complete the license transfer process contemplated in the Trust Agreement (as defined below) and should pay certain fees allegedly accruing due under the Trust Agreement;

   c) The payment by the Receiver to Predator of alleged outstanding post-receivership trust fees, totaling $336,764.52;

   d) The repayment to Predator of certain amounts allegedly paid by Predator on behalf of Ranch prior to the appointment of the Receiver; and

   e) An extension of the timelines ordered by this Court for the sale of the Ranch Assets.

5. This Affidavit is also made in response to the Affidavit of Mr. Ryan Tobber ("**Tobber**") sworn on October 16, 2018 (the "**Tobber Affidavit**") in Court file number 1801-09188, which I have read, and which is unreliable and misrepresents the facts, omitting, in particular, the proper versions of the agreements that govern the relationship between Ranch and Predator.

6. Tobber was the sole shareholder, sole director and the directing mind of Ranch prior to the appointment of the Receiver. Predator was the architect of a series of transactions undertaken in respect of oil and gas assets formerly owned by Penn West Petroleum Ltd. ("**Penn West**"), which transactions resulted in the transfer of oil and gas assets with significant abandonment and reclamation obligations to Predator and

subsequently, by Predator to Ranch, while certain other assets were, to my knowledge, sold by Predator to third parties controlled by or affiliated with the former Predator shareholders, who later severed their ties with Predator.

7. The transactions whereby Predator transferred the Assets under the APSA to Ranch resulted in the beneficial and working interests in the Assets vesting in Ranch, while the permits, licenses, approvals and authorizations pertaining to the ownership or operations of the Assets (collectively the "**Permits**") stayed with Predator.

8. Predator, which is now indirectly solely owned by Tobber, the previous directing mind of Ranch, does not come to this Court with clean hands and Predator's bald-faced attempt at invoking the regulatory regime it has sought to evade to extract payments and improve its position at the expense of Ranch's estate should not be condoned, particularly in these circumstances where Predator knowingly took on significant commercial risks by transacting with Ranch.

I. THE ASSET PURCHASE AND SALE AGREEMENT

9. On May 8, 2017, Predator and Ranch entered into an *Asset Purchase and Sale Agreement* (the "**APSA**"), pursuant to which Predator agreed to sell the Assets to Ranch. Although the Tobber Affidavit refers to the APSA, it does not include it as an exhibit, and accordingly, a copy of the APSA is marked as **Exhibit "A"** and attached hereto.

10. The immediate prior owner of the Assets was Penn West and as at May 8, 2017, the Permits continued to be held by Penn West, as appears from Recital C of the initial Trust Agreement dated June 16, 2017 (the "**Initial Trust Agreement**"), filed as Exhibit "A" to the Tobber Affidavit.

11. It is my understanding that a number of valuable oil and gas assets previously owned by Penn West were sold by Predator to Tidewater Midstream and Infrastructure Ltd. ("**Tidewater**") (in January 2017) and Fireweed Energy Ltd. ("**Fireweed**") (in March 2017), two companies owned by Predator's parent company, Predator Oil Ltd. ("**Predator Oil**"). I am informed that Mr. Joel MacLeod was the director of Predator, Predator Oil, Fireweed and director and CEO of Tidewater as well as owner of a substantial interest in Predator and the majority owner of Predator Oil.

12. The APSA was signed by Tobber in his capacity as President and CEO of Ranch and by Mr. Greg Macdonald in his capacity as President and COO of Predator.

13. The terms and conditions provided for in the APSA included the following:

    a) Predator agreed to sell, assign, transfer and convey all of the Assets to Ranch, including the Permits, in consideration of a purchase price of $5 million (the "**Purchase Price**") (Section 2.1 of the APSA) with no provision for hold backs, earn outs, claw backs or other delayed consideration;

    b) The Closing of the transaction pursuant to the APSA was contemplated to take place on May 12, 2017 (Section 1.1(j) of the APSA);

c) The deliveries at Closing (as defined in the APSA) included, *inter alia*, the execution of (i) a trust agreement by each of Predator and Ranch, and (ii) a transition services agreement by each of Predator and Ranch (Sections 6.3 and 6.4 of the APSA);

d) Predator agreed that it would perform any task and make any security deposit with the British Columbia Oil & Gas Commission (the "**BCOGC**") in order to ensure that all Permits are transferred to Predator from Penn West within sixty (60) days of Closing, the whole so as to allow the Permits to be transferred to Ranch in accordance with the terms of the Trust Agreement (as defined below) (Section 6.6(b) of the APSA);

e) Following Closing, Predator agreed to hold title to the Assets (the definition of which includes the Permits), in trust for Ranch, until such time as Ranch was recognized by all interested Third Parties under the title and operating documents (Section 8.3(b) of the APSA). Third Parties is defined under the APSA as any Person other than Predator, Ranch and their affiliates, with Person expressly including any Governmental Authority (Sections 1.1 (pp) and (vvv) of the APSA);

f) Ranch acknowledged that Predator may not be able to transfer operatorship of the Assets to Ranch at or after Closing and accordingly, Predator covenanted that it would cooperate with Ranch in attempts to obtain the appropriate consents and approvals for the assignment and transfer to Ranch of operatorship of those Assets of which Predator was the operator as at the execution of the APSA (Section 8.3(j) of the APSA);

g) Certain employees and field and other contractors of Predator were transferred to Ranch and its affiliates (Section 12.1 of the APSA); and

h) Ranch agreed that it would, after Closing, remove any signs that indicate Predator's ownership or operation of the Assets and that it would be Ranch's responsibility to erect or install any signs that may be required by governmental authorities indicating Ranch as the operator of the Assets (Section 13.1 of the APSA).

14. Predator openly entered into this commercial transaction in order to seek profit on the sale of the Assets. As further outlined below, Ranch mismanaged the Assets and was placed in receivership, a risk which Predator knowingly assumed in association with this transaction.

15. The assertion by Predator to the effect that the disclaimer of the Trust Agreement by the Receiver resulted in the Permits no longer being held in trust for Ranch should be carefully considered in light of the residual obligations imposed onto Predator under the APSA, in particular section 8.3 thereof.

16. The APSA was negotiated and entered into by Ranch and TEC was requested to fund the Purchase Price upon the insistence by Tobber that, *inter alia*, (i) the APSA contemplated an important economic growth opportunity for Ranch, and (ii) the circumstances surrounding the holding of the Permits in trust post-Closing by Predator were temporary and would be resolved upon Ranch reaching a Liability Management Rating ("**LMR**") above 1.0, which Tobber represented to TEC could be achieved. Despite the explicit risks taken by Predator at closing (described more fully below), Predator did not require a third party vetted LMR improvement plan at closing.

17. Shortly following the execution of the APSA, it became clear that Ranch would be unlikely to reach an LMR above 1.0, particularly in light of the depressed economic climate in the Western Canadian natural gas markets as a result of low natural gas commodity prices.

II. THE INITIAL TRUST AGREEMENT

18. The Initial Trust Agreement between Ranch and Predator was made effective as of June 16, 2017, as appears from Exhibit "A" to the Tobber Affidavit.

19. Pursuant to the Initial Trust Agreement, Predator, as trustee, undertook to hold the Permits in trust for Ranch, as beneficiary, until such time as Ranch could accept the license transfers as provided for therein.

20. Pursuant to Section 4.1 of the Initial Trust Agreement, Ranch was to pay Predator an "administrative fee" that would escalate every three months (the "**Administrative Fees**"), ultimately reaching $275,000 per month for months 21-24, as appears from the Initial Trust Agreement (Exhibit "A" to the Tobber Affidavit).

21. The Administrative Fees appear to have been designed to function as an increasingly punitive penalty with respect to Ranch, in order to induce it to take the actions required to become BCOGC compliant. However, as Tobber is well aware, Ranch was experiencing significant financial difficulties at the time the Initial Trust Agreement was signed and as a result, Ranch, under the direction of Ryan Tobber, did not perform any of its financial obligations under this agreement.

22. Contrary to the allegations made at paragraphs 25 and 26 of the Tobber Affidavit, the Initial Trust Agreement did not contain any provisions dealing with the operation of the Assets, nor were the Administrative Fees payable under the Trust Agreement linked, in any way, to any sort of operatorship responsibility or the actual costs and expenses incurred in connection with operatorship.

23. The Initial Trust Agreement also provided, as regards to the cash flow allocation, that for the first twelve (12) months following the date of execution, 25% of Ranch's monthly net cash flow derived from the operations of the Assets would be paid in trust to a trustee, with such funds to be solely allocated by Ranch to deal with the environmental obligations that may arise in connection with the acquisition of the Assets. To TEC's knowledge, that obligation was not performed by Ranch.

24. The closing of the APSA did not take place until July 10, 2017, in part because TEC, from whom Ranch and Tobber had requested funding for 100% of the Purchase Price of the transaction, was reviewing the transaction and becoming increasingly concerned with the terms and conditions of the transaction as provided for under the APSA and the Initial Trust Agreement.

III. THE AMENDED AND RESTATED TRUST AGREEMENT

25. On July 10, 2017, at the Closing of the transaction under the APSA, Ranch and Predator entered into an *Amended and Restated Trust Agreement* (the "**Amended Trust Agreement**"), a copy of which was not appended to the Tobber Affidavit. A copy of the Amended Trust Agreement is marked as **Exhibit "B"** and attached hereto.

26. In light of the importance placed by Predator on this agreement in the present proceedings, and upon discovering that Predator was mistakenly relying on the Initial Trust Agreement, TEC, taking into consideration the alleged urgency of the Predator Application, the ongoing SISP (as defined below) and the need for all parties to rely on the proper version of this agreement, instructed its counsel to communicate a copy of the Amended Trust Agreement to all counsel involved in the present matter. A copy of Stikeman Elliott LLP's email dated October 19, 2018 is marked as **Exhibit "C"** and attached hereto.

27. The Amended Trust Agreement featured, *inter alia*, several modifications to the Initial Trust Agreement:

   a) The reference to Penn West in Recital C of the Trust Agreement was removed, because Ranch was advised that the transfer of the Permits from Penn West to Predator had already occurred as at July 10, 2017;

   b) The escalating Administrative Fees payable to Predator by Ranch under Section 4.1 of the Initial Trust Agreement were reduced. In this regard, given that Predator relies on the Initial Trust Agreement in the Predator Application and the Tobber Affidavit, it is unclear whether the amounts claimed by Predator in its materials reflect the provisions of the Amended Trust Agreement;

   c) The Amended Trust Agreement provided, as regards to the cash flow allocation, that the 25% of Ranch's monthly net cash flow derived from the operations of the Assets would be held in a segregated account, as opposed to being paid into trust and held by a trustee, with said funds to be solely allocated by Ranch to deal with the environmental obligations that may arise in connection with the operation of the Assets. To TEC's knowledge, that obligation was not performed by Ranch.

28. Like the Initial Trust Agreement, the Amended Trust Agreement did not contain any provisions dealing with the operation of the Assets, nor were the Administrative Fees payable under the Amended Trust Agreement linked, in any way, to any sort of operatorship responsibility or the actual costs and expenses thereof.

29. It is also worth highlighting that, while the Amended Trust Agreement may provide for an indemnification by Ranch and OpsMobil in respect of all liabilities that Predator may suffer as a result of holding the Permits, no security was granted by Ranch or registered by Predator in order to secure these payment obligations. Moreover, this indemnification further demonstrates that Predator fully understood the credit risk associated with each of Ranch and OpsMobil upon Closing the APSA, but chose to close the deal nonetheless in exchange for the Purchase Price and the assumption by Ranch of the responsibility for the Assets on a go-forward basis.

IV. THE TRANSITION SERVICES AGREEMENT

30. On July 7, 2017, concurrently with the execution of the Amended Trust Agreement, Predator and Ranch executed a *Transition Services Agreement* (the "**TSA**"), a copy of which is marked as **Exhibit "D"** and attached hereto.

31. The Tobber Affidavit does not refer to or append the TSA, which is surprising in light of the fact that the TSA was explicitly referred to in a letter to Ranch by counsel for

Predator dated June 6, 2018, a copy of which was filed as Exhibit B to the Tobber Affidavit.

32. The TSA was a temporary arrangement required upon Closing because Ranch was not ready to operate the Assets at the time and it needed Predator to perform certain transitional services with respect to the operation of the Assets.

33. The TSA, although it was a temporary arrangement, is relevant for the purposes of the present proceedings, to the extent this Court deems it necessary to determine the intention of the parties as regards operatorship.

34. The TSA sought to facilitate a transition of the operations to Ranch and to allow Ranch an opportunity to operate the Assets without delay, by having Predator provide Ranch with the services listed in Schedule A, including: (i) field operations services, (ii) production accounting, (iii) LMR reduction project to reduce Ranch's expected LMR deposit requirements during the transition services period, and (iv) land administration and rental payments.

35. The TSA was intended to function for a limited time period. In fact, the term of the TSA was set for the earlier of the termination of the TSA by Ranch and three (3) months from the date of the execution of the TSA. To my knowledge, this term was never extended by Ranch and/or Predator.

36. The TSA further provided, at Section 1 (General Intent), that "*Purchaser [Ranch] agrees to use its commercially reasonable efforts to terminate its use of the Services as soon as reasonably possible and, in all events, to terminate its use of each Service by not later than the end of the Transition Period.*"

37. The TSA did not provide for the payment of any fees by Ranch to Predator, further demonstrating the very temporary nature of the agreement, set up solely to aid in the transition of the Assets from Predator to Ranch.

V. THE MANAGEMENT OF THE ASSETS BY TOBBER

38. I am informed that following the Closing, on September 11, 2017, Fireweed, Ranch and Predator, entered into an agreement (the "**September 2017 Agreement**"), whereby they purported to transfer certain assets to and from Fireweed and Ranch and Predator. The September 2017 Agreement was entered into without TEC's knowledge or consent and it remains unclear to TEC whether the purported transactions and conveyances entered into in the September 2017 Agreement legitimately reflect the original transactions entered into between Predator and Ranch.

39. In anticipation of selling Predator (potentially to Ranch), I am informed that by an Agreement (the *Undeveloped Acreage Conveyance Agreement BC Land Sale areas*) (the "**Doig Agreement**") which on its face is dated March 28, 2018 between Predator Oil and Predator, Predator purportedly sold certain drilling rights to Predator for $650,000. The effect of the September 2017 Agreement and potentially the Doig Agreement was to transfer valuable assets from Ranch to Predator, Predator Oil and Fireweed with limited retirement obligations, while transferring poor assets with significant retirement obligations to Ranch.

40. In addition to engaging in the above mentioned transactions, following Closing, Tobber continued to run Ranch's operations which included the Assets and with full knowledge of Predator, as well as those of the Debtors as a whole. In doing so, and as previously outlined in the First and Second Horrox Affidavit, Tobber repeatedly requested that TEC provide advances to fund ongoing working capital needs, usually on an urgent and critical basis.

41. In this regard, the Ranch Lenders (as defined in the First Horrox Affidavit) provided seven rounds of emergency financing in order to assist Ranch in its operations, the whole pursuant to a series of amendments to the Promissory Note (as defined in the First Horrox Affidavit), which, when first executed on July 10, 2017, was for the initial amount of $8,500,000.

42. On May 3, 2018, at a meeting between TEC, Alvarez & Marsal Canada Securities ULC ("**A&M**") and Ranch, Tobber advised TEC that he was working directly with the shareholders of Predator to purchase all of the shares in the share capital of Predator in a no-cash transaction.

43. Tobber indicated that he had negotiated a deal to purchase 100% of the shares of Predator for $9 million, such consideration to be paid by Tobber to Predator's shareholders through an unsecured debt instrument backed by Tobber's personal guarantee. I believe that Predator's shareholders were already aware of the size of the TEC loans and that Tobber had provided his unlimited personal guarantee to TEC in support of those loans.

44. TEC was immediately suspicious that any shareholder would sell its shares for zero cash consideration, especially given that the consideration being bargained for would be unlikely to be paid given Tobber's extensive personal debts and history of non-performance of the existing Ranch/Predator contractual agreements (including the Amended Trust Agreement), but in any event, TEC agreed to look into the deal with Tobber to ascertain its merits.

45. In the weeks that followed, the Debtors' financial situation continued to deteriorate, and TEC eventually lost complete faith in Tobber's management of the Debtors' assets, and accordingly, on June 6, 2018, TEC issued and delivered to each of the Debtors a Notice of Intention to Enforce Security pursuant to Section 244 of the BIA (collectively, the "**NOIs**"), in which each of the Debtors was formally advised that, as a result of the continuing events of default under the Credit Agreement (as defined in the First Horrox Affidavit) and the Promissory Note, as applicable, TEC intended to enforce its rights pursuant to the security documents relating to the Debtors.

46. Despite the issuance of the NOIs, and as mentioned at paragraph 13 of the Tobber Affidavit, on June 15, 2018, Tobber caused 2118469 Alberta Ltd. ("**211 Alberta**"), a company of which he owns all the shares, to acquire all the shares in the capital of Predator for a purchase price of $7 million.

47. Tobber did not at any time inform me or anyone else at TEC that he was moving forward with the purchase of Predator's shares until TEC became aware of the deal a full week after the deal was completed, which was during the time Tobber was leading negotiations with TEC around potential forbearance terms with respect to the debts owed under the Credit Agreement (which amounted to CAD$23,087,085.55 as at June 19, 2018) and the Promissory Note (which amounted to CAD$16,700,421.44 as at June

19, 2018). It was only when confronted with this information that Tobber finally admitted to the purchase of Predator's shares.

48. I believe that this transaction was undertaken by Tobber with the intent to aggravate TEC's ability to enforce on or realize against the Assets.

49. By June 19, 2018, Ranch had failed to pay the outstanding indebtedness owed under the Promissory Note, which now amounted to CDN$16,700,421.44, plus all interest, fees, costs and expenses and other charges payable pursuant to the Promissory Note.

50. On June 26, TEC filed the Receivership Application, however on July 4, 2018, in light of a competing petition for the issuance of an initial order filed by the Debtors pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36 (the "**CCAA**"), this Court issued an Order for Interim Stay in Court file number 1801-09424 (the "**Interim Stay Order**"). Pursuant to the Interim Stay Order, the CCAA application was adjourned to July 10, 2018, to be heard in conjunction with the Receivership Application.

51. On July 10, 2018, this Court issued, with the consent of TEC, an initial order pursuant to the CCAA (the "**Initial Order**") in Court file number 1801-09424, Ernst & Young Inc. was appointed to act as monitor of Ranch and TEC's Receivership Application was adjourned *sine die*.

52. On July 19, 2018, in light of the evolving circumstances of the file including the financial situation of the Debtors, this Court issued orders (the "**Receivership Order**") granting the Receivership Application, appointing Ernst & Young Inc. as receiver to the assets of the Debtors (the "**Receiver**") and suspending the proceedings of the Debtors under the CCAA.

53. Although paragraph 33 of the Tobber Affidavit mentions that the CCAA proceedings were suspended in large part because TEC withdrew its offer to fund Ranch's operations during the CCAA process, it fails to detail the context in which this development took place in an effort to cast blame for the financial woes of Ranch on TEC. Indeed, on July 18, 2018, E&Y, acting as Ranch's Monitor under the CCAA, issued a material adverse change report (the "**MAC Report**") in which it confirmed that the cash flow projections submitted by the Debtors in support of the CCAA application were incorrect and that the borrowings required to complete a sale process would be materially higher than initially identified, as appears from a copy of the MAC Report marked as **Exhibit "E"** and attached hereto.

54. In failing to provide its creditors and this Court with accurate and reliable financial information on which it could lay the groundwork for a comprehensive restructuring, Ranch, under the leadership of Tobber, had jeopardized its CCAA restructuring from its inception.

55. It should also be noted that the issues surrounding the transfer of the Permits were already before the Court at this time, when the Debtors argued that the Receiver would face hurdles in conveying the Assets, given that a successful transfer of these Assets would require the transfer of the associated Permits, which Permits were and continue to be held by Predator.

56. TEC and the Receiver responded that these hurdles would remain whether the sale of the Assets was effected through a receivership or a CCAA sale process. It is worth

noting that these complications are the direct result of the deliberate and gross mismanagement of the transaction terms by Predator and Ranch at the time of the execution of the APSA and the Closing of the transaction provided for thereunder.

57. On October 2, 2018, Justice A.D. Macleod granted an order approving the sale and investment solicitation process (the "**SISP**") with respect to the property, assets or business of Ranch.

VI. MISCELLANEOUS CLARIFICATIONS IN RESPONSE TO TOBBER AFFIDAVIT

58. In addition to what is already described herein, there are a number of additional inaccuracies in the Tobber Affidavit that I wish to clarify:

a) At paragraph 9 of the Tobber Affidavit, Tobber claims that Ranch owes Predator the amount of $3,330,020.25 under the terms of the APSA. If this amount is in fact owed, it is an unsecured pre-receivership obligation. In addition, it is worth reiterating that Predator knowingly assumed the commercial risks associated with this transaction with a counterparty with no history in the industry and cannot now ask this Court to confer upon it a preference above those of TEC, as the first-ranking secured creditor, or any other creditor, for that matter.

b) The transaction provided for under the APSA could not have closed without Predator maintaining the deposit mentioned in paragraph 10 of the Tobber Affidavit with the BCOGC as, *inter alia*, the assets transferred to Ranch at Closing of the APSA would have had an LMR below 1.0. In fact, it was Predator's agreement to maintain this deposit with BCOGC that allowed the cash payment of the Purchase Price to Predator by Ranch to be a positive number, since without this feature, the environmental liabilities associated with the Assets would have far outweighed the economic value of the Assets, resulting in a negative purchase price at Closing. I believe that Predator accepted this deal feature as the shareholders of Predator were aware of this issue, and had in fact deliberately entered into the transactions necessary to have caused it. In particular it is my belief that Predator's precarious financial situation was the result of its decision to annex the Montney drilling rights in the Fort St. John ("**FSJ**") area by selling them to Fireweed (a company that the Predator shareholders also control) and Tidewater, which rights represented a significant positive economic value in the assets originally purchased by Predator from Penn West in the FSJ area. Accordingly, Predator has always been fully aware of its position as it relates to the deposit currently held by the BCOGC, and it took the explicit risk that it would not receive the repayment of these funds when it entered into the APSA with Ranch.

c) Contrary to what is alleged at paragraphs 54 and 55 of the Tobber Affidavit, the reason that the Assets in the FSJ district have not been restarted is because the operation of those Assets would cause the current owner to lose money, even in this newly elevated gas price environment, which would unnecessarily deepen the insolvency of the Ranch estate. If however Tobber believes that the Assets in the FSJ district are economically attractive, he, along with any other party, will be permitted to bid on these assets in the context of and subject to the terms of the SISP, which allows for bids for some as well as all of the Assets.

d) Contrary to Tobber's suggestion at paragraphs 7, 8 and 67 of the Tobber Affidavit, I am informed that the Receiver went to great lengths to consider the impact of the Amended Trust Agreement, engaging in mindful discussions with the BCOGC, and in so doing, determined that adopting such agreement would not be commercially reasonable, in part due to the significant costs and fees payable to Predator pursuant to Section 4.1 of the Amended Trust Agreement. The position taken by Tobber is surprising since he himself did not comply with the Initial Trust Agreement or the Amended Trust Agreement when he was the President and CEO of Ranch, but now, as the director of Predator, seeking to enrich Predator and its stakeholders at the expense of Ranch's estate, suddenly believes that this Court should order the Receiver to abide by an agreement that it has expressly disclaimed.

VII. THE OPTIONS PROPOSED BY PREDATOR FOR THE OPERATION OF THE ASSETS

59. The premise of the relief sought by Predator in its application is that "*[s]ince the Receiver has disclaimed the Trust Agreement, and Predator no longer has any duty to Ranch in relation to the Assets, Ranch has lost any and all rights and permissions in respect of the operation of the Assets. Therefore the Receiver lacks the permits necessary to carry out oil and gas activities pursuant to the requirement of section 21 of the OGAA*" (paragraph 1(f) of the Predator Application).

60. The notion that Predator no longer has any duties towards Ranch in relation to the Assets is plainly without merit, as appears from the post-closing provisions of the APSA and in particular the trust provisions embedded therein. The alleged regulatory issues that flow from this initial premise therefore need to be tempered.

61. The disclaimer of the Amended Trust Agreement has not produced the dire consequences lent to it by Predator, primarily because it does not contain the breadth of obligations which Predator seeks to read into it.

62. Furthermore, the disclaimer of the Amended Trust Agreement is all the more irrelevant in light of the fact that well before the beginning of Ranch's insolvency process, the parties were not performing their obligations under said agreement. In that regard, Ranch was not paying the Administration Fees and costs claimed by Predator, and Predator was not complying with the orders issued by the BCOGC in relation to the Assets, as alleged by Tobber himself at paragraph 43 of his Affidavit sworn on July 3, 2018 in Court file number 1801-09424.

63. Predator's proposal that it be permitted to take over the operation of the Assets is unrealistic and unacceptable in circumstances where:

a) Tobber was the controlling mind of Ranch until the receivership, and was therefore primarily involved in the negotiation of the APSA, the TSA and the Amended Trust Agreement, and in that regard and despite his attempts to place blame and accuse others, Tobber was instrumental in creating the regulatory, operational and contractual chaos that the Receiver is now forced to navigate;

b) Predator, contrary to Ranch, has absolutely no contractual right to operate the Assets, and up until recently, never sought to operate any of the Assets; and

c) Neither Predator nor Tobber have the financial wherewithal or operational capability (including any field employees) to operate the Assets, nor have they submitted any evidence supporting their ability to finance or run the operations. Conversely, since the issuance of the Receivership Order, TEC has been funding the Receiver in the amount of approximately $6 million, in an effort, in part, to ensure that the Assets are operated in an environmentally cautious manner and sold through a SISP to a party with the capability to comply with the BCOGC requirements.

64. While there is no denying that the Receiver will be required to solve the regulatory aspects relating to the Permits, it will continue to enjoy the full backing of TEC while it does so.

65. TEC has already funded approximately $6 million in this receivership. TEC is also committed to continuing to fund the Receiver so as to run a proper SISP and identify a buyer who will have the financial capacity to operate the Assets in a regulatory compliant fashion. I believe that Predator's sudden interest in operating the Assets is no more than a transparent attempt at circumventing the SISP.

66. I swear this affidavit (i) in response to the Tobber Affidavit, and (ii) in connection of the Predator Application and not for any improper purpose.

SWORN (OR AFFIRMED) BEFORE ME at Toronto, this 24th day of October, 2018. Notary Public	

This is Exhibit "A" referred to in the Affidavit of Mark Horrox made before me on this 24th day of October 2018.

Notary Public

ASSET PURCHASE AND SALE AGREEMENT

BETWEEN

PREDATOR OIL BC LTD.

("Vendor")

AND

RANCH ENERGY CORPORATION

("Purchaser")

May 8, 2017

TABLE OF CONTENTS

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 **<u>Purchaser Deliveries at Closing</u>**

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 **<u>Specific Conveyances</u>**

(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

This is Exhibit "B" referred to in the Affidavit of Mark Horrox made before me on this 24th day of October 2018.

Notary Public

AMENDED AND RESTATED TRUST AGREEMENT

THIS AGREEMENT made effective as of the 10th day of July, 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 ("**Permit 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) Permit 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 Permit 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 Permit Trustee to Beneficiary through the British Columbia Oil and Gas Commission (the "**BCOGC**");

(C) As of the date hereof, the Permits are held by Permit Trustee;

(D) Upon closing of the Sale Agreement, Permit Trustee and Beneficiary wish for Permit Trustee to hold the Permits in trust for Beneficiary until such time as Beneficiary can accept the transfer of the Permits (the "**License Transfer(s)**") and entered into a trust agreement in respect thereof dated June 16, 2017 (the "**Original Trust Agreement**");

(E) Permit Trustee and Beneficiary wish to amend and restate the Original Trust Agreement pursuant to this Agreement to set out the terms upon which Beneficiary will receive the Permits from Permit Trustee, and the terms upon which Permit Trustee will hold the Permits together with all rights and privileges associated therewith 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, Permit Trustee, Beneficiary and OGI agree that Beneficiary, or OGI on its behalf, may be required to make a security deposit with the BCOGC ("**Security Deposit**") or make payments to Permit 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) "**Agreement**" means this amended and restated trust agreement;

(b) "**AOS**" means the asset operating statements for the Assets;

(c) "**BCOGC License Transfer Compliant**" means that each of Permit Trustee's and Beneficiary's LMR will allow for the transfer by Permit Trustee to Beneficiary of all or any of the Permits, in accordance with Applicable Law, including any bulletins;

(d) "**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;

(e) "**Monitor**" means Sproule Project Management Ltd. or any successor replacement;

(f) "**Net Cash Flow**" means all revenues derived from the Assets less applicable royalties and direct operating expenses in respect thereof and for clarity shall not include any of Beneficiary's overhead, general and administrative expenses, capital expenditures, abandonments costs and expenses or financing costs and expenses;

(g) "**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;

(h) "**Permit Transfer Requirement**" has the meaning ascribed thereto in Section 3.1(b);

(i) "**Secured Creditor**" means Third Eye Capital Corporation, in its capacity as agent pursuant to the Beneficiary's senior secured debt; and

(j) "**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.

1.3 Amendment and Restatement

Effective as of the date hereof, the Original Trust Agreement is hereby amended and restated as set forth herein and, as so amended and restated, continues in full force and effect.

ARTICLE 2
PERMITS IN TRUST

2.1 Permit Trustee Holds Permits

(a) Permit Trustee acknowledges and declares that it holds and stands possessed of the Permits 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 Permits shall be held by Permit Trustee in trust for Beneficiary.

(b) Permit Trustee agrees that it will not sell, assign, transfer, convey, encumber, or surrender the Permits except upon the written instructions of Beneficiary.

(c) Permit Trustee does not purport to, either expressly or by implication, warrant or guarantee title in and to the Permits.

(d) Beneficiary consents to the appointment of Permit Trustee as bare trustee of the Permits, and shall perform, observe and comply with the covenants, terms and conditions pertaining to the Permits. Permit Trustee shall perform, observe and comply with the covenants, terms and conditions pertaining to the Permits as directed by Beneficiary.

2.2 Copies and Access

(a) Permit Trustee shall provide Beneficiary in a timely manner with copies of all notices, orders, directives, documents and other correspondence received by Permit Trustee that pertain to the Permits, 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) Permit Trustee shall provide Beneficiary with access, during normal business hours, to all information, data, notices and records in Permit Trustee's custody or control, or to which Permit Trustee has access, respecting the Permits.

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 Permit 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 Permit Trustee that Beneficiary is BCOGC License Transfer Compliant and able to make any required Security Deposit with the

BCOGC, if required, Permit Trustee shall submit to the BCOGC the required applications for the transfer of the Permits from Permit Trustee to Beneficiary (the "**Permit Transfer Requirement**").

(c) Upon Permit 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 Permit Trustee in writing to accept from Permit Trustee all or some of the Permits, (the "**Permit Option**"). In the event Beneficiary exercises the Permit Option, Permit 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 (except if the deposit is required by the BCOGC to be made by Permit Trustee, in which case Section 3.2(c) shall apply), 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, then which Permits, if any, to be transferred shall be at the discretion of Permit 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, Permit Trustee shall prepare and where applicable, electronically submit an application to the Governmental Authority 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, Permit 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 Permit Trustee hereunder, Permit 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 Permit Trustee's election to do so would result in Beneficiary not being BCOGC License Transfer Compliant and, upon Permit 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, Permit 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 Permit Trustee's election to do so would result in Beneficiary not being BCOGC License Transfer Compliant and, upon Permit 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 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 Permit Trustee, Beneficiary shall, on a monthly basis thereafter, pay to Permit Trustee a fixed administrative fee equal to:

(a) for months 1-3: thirty-five thousand dollars ($35,000) per month;

(b) for months 4-6: seventy-five thousand dollars ($75,000) per month;

(c) for months 7-9: one hundred thousand dollars ($100,000) per month;

(d) for months 10-12: one hundred twenty thousand dollars ($120,000) per month;

(e) for months 12-15: one hundred thirty-eight thousand dollars ($138,000) per month;

(f) for months 16-20: two hundred thousand dollars ($200,000) per month; and

(g) for months 21-24: two hundred seventy-five thousand dollars ($275,000) per month,

plus any reasonable costs incurred by Permit Trustee as a result of Permit Trustee holding the Permits in trust for Beneficiary.

4.2 Invoicing

(a) Permit 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 Permit 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 Permit 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 Permit Trustee is entitled to amounts owing in accordance with the terms hereof.

4.3 Cash Flow Allocation

(a) Beneficiary hereby agrees from the date hereof until the earlier of the Outside Date and the termination of this Agreement, twenty-five percent (25%) of Beneficiary's monthly Net Cash Flow derived from operations on the Assets, as determined under the AOS prepared in respect thereof and reviewed and approved by the Monitor, shall be paid to, and held in a segregated account of Beneficiary, in respect of which a blocked account agreement shall be established, which is acceptable to the Secured Creditor (the "**Segregated Account**"), acting reasonably,, with such cash to be solely allocated by Beneficiary, and as agreed to by Permit Trustee, acting reasonably, to a combination of: (i) Abandonment and Reclamation Obligations of the Assets subject to the Permits or otherwise addressing Environmental Liabilities in respect thereof, and (ii) expenditures on oil and gas activities designed to increase production from the reserves on the Assets subject to the Permits.

(b) Commencing on the thirteenth (13^{th}) month following the date hereof until the earlier of the Outside Date and termination of this Agreement, in addition to the amounts segregated in the Segregated Account pursuant to Section 4.3(a), twenty-five percent (25%) of Beneficiary's monthly Net Cash Flow derived from operations of the Assets as determined under the AOS prepared in respect thereof and reviewed and approved by the Monitor, shall be paid to, and held in the Segregated Account, as security in respect of the Security Deposit. .

(c) Beneficiary agrees that, in connection with the Monitor, that it shall calculate monthly Net Cash Flow promptly and in any event no later than 30 days following the end of each month. All amounts to be paid by Beneficiary into the Segregated Account under this Section 4.3 shall be paid immediately upon the determination of monthly Net Cash Flow and in any event within 30 days following the end of each month. Beneficiary shall provide Permit Trustee with monthly asset operating statements and statement of funds placed in the Segregated Account.

(d) The Beneficiary hereby commits to using commercially reasonable efforts to, as soon as reasonably practicable and on commercially reasonable terms, enter into net hedge positions for the Petroleum Substances from the Assets, with no less than a forty percent (40%) net hedge position of anticipated production for the first twelve (12) months following the date hereof and no less than a thirty percent (30%) net hedge position of any anticipated production after the first twelve (12) months following the date hereof.

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 payments outlined in Sections 3.2(c), 4.1 or 4.3 or any Security Deposit with the BCOGC, OGI hereby acknowledges and agrees that OGI shall be solely liable for making any such payment 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 Permit Trustee

Beneficiary and OGI covenant and agree with Permit Trustee to be jointly and severally liable to Permit Trustee for, and in addition, to indemnify and save harmless Permit 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 Permit Trustee holding the Permits in trust, unless caused by the gross negligence or willful misconduct of Permit Trustee or its agents.

5.2 Liability of Parties

The parties confirm that any failure by a party to transfer or receive, as applicable, the conveyance and assignment of the Permits from Permit Trustee as and when required hereunder, will result in irreparable harm to the other party, which harm could not be adequately compensated by monetary damages. Accordingly, each party agrees that the other party shall be entitled to interim or permanent injunctive relief, specific performance or other equitable remedies in addition to any other relief to which such other party 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:

Permit 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 Permits, or any part or portion thereof, is held in trust by Permit Trustee for Beneficiary, and thereafter until all accounts between Permit Trustee and Beneficiary, or Permit 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 Permits.

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: ______________________
Graydon Glans
Chief Financial Officer

Per: ______________________

RANCH RESOURCES CORPORATION

Per: ______________________
RYAN TOBBER
President & CEO

Per: ______________________

OPSMOBIL GROUP INC.

Per: ______________________
RYAN TOBBER
President & CEO

Per: ______________________

This is Exhibit "C" referred to in the Affidavit of Mark Horrox made before me on this 24th day of October 2018.

Notary Public

Nathalie Nouvet

Objet:	TR: ITMO the Receivership of Ranch Energy Corporation, et al 1801 09188 - Amended and Restated Trust Agreement
Pièces jointes:	Amended and Restated Trust Agreement.pdf
Importance:	Haute

De : Joseph Reynaud
Envoyé : Friday, October 19, 2018 6:13 PM
À : jkruger@blg.com; ryan.zahara@blakes.com; rgurofsky@blg.com; Christa Nicholson
Cc : David Price
Objet : ITMO the Receivership of Ranch Energy Corporation, et al 1801 09188 - Amended and Restated Trust Agreement
Importance : Haute

Dear Colleagues,

We refer you to the Affidavit of Ryan Tobber sworn on October 16, 2018, in support of the application filed by Predator BC.

Exhibit "A" to Mr. Tobber's latest affidavit is a Trust Agreement dated June 16, 2017 which is relied upon by Predator BC in its application. The same June 16 version of the Trust Agreement was also filed by Mr. Tobber as Exhibit F to Mr. Tobber's first affidavit in the CCAA proceedings, dated July 3rd, 2018.

As discussed with Mr. Zahara a few minutes ago, it came to our attention yesterday, while we were reviewing the material, that Predator Oil BC and Ranch Energy Corporation actually amended and restated the Trust Agreement when the transaction closed on July 10, 2017. A copy of that Amended and Restated Trust Agreement is attached, for your reference.

The BCOGC, the Receiver and the Court are entitled to consult the proper version of the Trust Agreement to assess this matter, hence our decision to communicate it to all counsel prior to the filing of Third Eye Capital's rebuttal affidavit. We reserve the right, however, to plead that Mr. Tobber's evidence is highly unreliable, as illustrated by this incident.

Best regards,

Joseph Reynaud

Direct : +1 514 397 3019
Mobile : +1 514 261 4605
Email : jreynaud@stikeman.com

AMENDED AND RESTATED TRUST AGREEMENT

THIS AGREEMENT made effective as of the 10th day of July, 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 ("**Permit 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) Permit 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 Permit 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 Permit Trustee to Beneficiary through the British Columbia Oil and Gas Commission (the "**BCOGC**");

(C) As of the date hereof, the Permits are held by Permit Trustee;

(D) Upon closing of the Sale Agreement, Permit Trustee and Beneficiary wish for Permit Trustee to hold the Permits in trust for Beneficiary until such time as Beneficiary can accept the transfer of the Permits (the "**License Transfer(s)**") and entered into a trust agreement in respect thereof dated June 16, 2017 (the "**Original Trust Agreement**");

(E) Permit Trustee and Beneficiary wish to amend and restate the Original Trust Agreement pursuant to this Agreement to set out the terms upon which Beneficiary will receive the Permits from Permit Trustee, and the terms upon which Permit Trustee will hold the Permits together with all rights and privileges associated therewith 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, Permit Trustee, Beneficiary and OGI agree that Beneficiary, or OGI on its behalf, may be required to make a security deposit with the BCOGC ("**Security Deposit**") or make payments to Permit 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) "**Agreement**" means this amended and restated trust agreement;

(b) "**AOS**" means the asset operating statements for the Assets;

(c) "**BCOGC License Transfer Compliant**" means that each of Permit Trustee's and Beneficiary's LMR will allow for the transfer by Permit Trustee to Beneficiary of all or any of the Permits, in accordance with Applicable Law, including any bulletins;

(d) "**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;

(e) "**Monitor**" means Sproule Project Management Ltd. or any successor replacement;

(f) "**Net Cash Flow**" means all revenues derived from the Assets less applicable royalties and direct operating expenses in respect thereof and for clarity shall not include any of Beneficiary's overhead, general and administrative expenses, capital expenditures, abandonments costs and expenses or financing costs and expenses;

(g) "**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;

(h) "**Permit Transfer Requirement**" has the meaning ascribed thereto in Section 3.1(b);

(i) "**Secured Creditor**" means Third Eye Capital Corporation, in its capacity as agent pursuant to the Beneficiary's senior secured debt; and

(j) "**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.

1.3 Amendment and Restatement

Effective as of the date hereof, the Original Trust Agreement is hereby amended and restated as set forth herein and, as so amended and restated, continues in full force and effect.

ARTICLE 2
PERMITS IN TRUST

2.1 **Permit Trustee Holds Permits**

(a) Permit Trustee acknowledges and declares that it holds and stands possessed of the Permits 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 Permits shall be held by Permit Trustee in trust for Beneficiary.

(b) Permit Trustee agrees that it will not sell, assign, transfer, convey, encumber, or surrender the Permits except upon the written instructions of Beneficiary.

(c) Permit Trustee does not purport to, either expressly or by implication, warrant or guarantee title in and to the Permits.

(d) Beneficiary consents to the appointment of Permit Trustee as bare trustee of the Permits, and shall perform, observe and comply with the covenants, terms and conditions pertaining to the Permits. Permit Trustee shall perform, observe and comply with the covenants, terms and conditions pertaining to the Permits as directed by Beneficiary.

2.2 **Copies and Access**

(a) Permit Trustee shall provide Beneficiary in a timely manner with copies of all notices, orders, directives, documents and other correspondence received by Permit Trustee that pertain to the Permits, 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) Permit Trustee shall provide Beneficiary with access, during normal business hours, to all information, data, notices and records in Permit Trustee's custody or control, or to which Permit Trustee has access, respecting the Permits.

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 Permit 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 Permit Trustee that Beneficiary is BCOGC License Transfer Compliant and able to make any required Security Deposit with the

BCOGC, if required, Permit Trustee shall submit to the BCOGC the required applications for the transfer of the Permits from Permit Trustee to Beneficiary (the "**Permit Transfer Requirement**").

(c) Upon Permit 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 Permit Trustee in writing to accept from Permit Trustee all or some of the Permits, (the "**Permit Option**"). In the event Beneficiary exercises the Permit Option, Permit 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 (except if the deposit is required by the BCOGC to be made by Permit Trustee, in which case Section 3.2(c) shall apply), 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, then which Permits, if any, to be transferred shall be at the discretion of Permit 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, Permit Trustee shall prepare and where applicable, electronically submit an application to the Governmental Authority 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, Permit 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 Permit Trustee hereunder, Permit 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 Permit Trustee's election to do so would result in Beneficiary not being BCOGC License Transfer Compliant and, upon Permit 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, Permit 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 Permit Trustee's election to do so would result in Beneficiary not being BCOGC License Transfer Compliant and, upon Permit 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 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 Permit Trustee, Beneficiary shall, on a monthly basis thereafter, pay to Permit Trustee a fixed administrative fee equal to:

(a) for months 1-3: thirty-five thousand dollars ($35,000) per month;

(b) for months 4-6: seventy-five thousand dollars ($75,000) per month;

(c) for months 7-9: one hundred thousand dollars ($100,000) per month;

(d) for months 10-12: one hundred twenty thousand dollars ($120,000) per month;

(e) for months 12-15: one hundred thirty-eight thousand dollars ($138,000) per month;

(f) for months 16-20: two hundred thousand dollars ($200,000) per month; and

(g) for months 21-24: two hundred seventy-five thousand dollars ($275,000) per month,

plus any reasonable costs incurred by Permit Trustee as a result of Permit Trustee holding the Permits in trust for Beneficiary.

4.2 Invoicing

(a) Permit 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 Permit 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 Permit 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 Permit Trustee is entitled to amounts owing in accordance with the terms hereof.

4.3 Cash Flow Allocation

(a) Beneficiary hereby agrees from the date hereof until the earlier of the Outside Date and the termination of this Agreement, twenty-five percent (25%) of Beneficiary's monthly Net Cash Flow derived from operations on the Assets, as determined under the AOS prepared in respect thereof and reviewed and approved by the Monitor, shall be paid to, and held in a segregated account of Beneficiary, in respect of which a blocked account agreement shall be established, which is acceptable to the Secured Creditor (the "**Segregated Account**"), acting reasonably,, with such cash to be solely allocated by Beneficiary, and as agreed to by Permit Trustee, acting reasonably, to a combination of: (i) Abandonment and Reclamation Obligations of the Assets subject to the Permits or otherwise addressing Environmental Liabilities in respect thereof, and (ii) expenditures on oil and gas activities designed to increase production from the reserves on the Assets subject to the Permits.

(b) Commencing on the thirteenth (13^{th}) month following the date hereof until the earlier of the Outside Date and termination of this Agreement, in addition to the amounts segregated in the Segregated Account pursuant to Section 4.3(a), twenty-five percent (25%) of Beneficiary's monthly Net Cash Flow derived from operations of the Assets as determined under the AOS prepared in respect thereof and reviewed and approved by the Monitor, shall be paid to, and held in the Segregated Account, as security in respect of the Security Deposit. .

(c) Beneficiary agrees that, in connection with the Monitor, that it shall calculate monthly Net Cash Flow promptly and in any event no later than 30 days following the end of each month. All amounts to be paid by Beneficiary into the Segregated Account under this Section 4.3 shall be paid immediately upon the determination of monthly Net Cash Flow and in any event within 30 days following the end of each month. Beneficiary shall provide Permit Trustee with monthly asset operating statements and statement of funds placed in the Segregated Account.

(d) The Beneficiary hereby commits to using commercially reasonable efforts to, as soon as reasonably practicable and on commercially reasonable terms, enter into net hedge positions for the Petroleum Substances from the Assets, with no less than a forty percent (40%) net hedge position of anticipated production for the first twelve (12) months following the date hereof and no less than a thirty percent (30%) net hedge position of any anticipated production after the first twelve (12) months following the date hereof.

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 payments outlined in Sections 3.2(c), 4.1 or 4.3 or any Security Deposit with the BCOGC, OGI hereby acknowledges and agrees that OGI shall be solely liable for making any such payment 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 Permit Trustee

Beneficiary and OGI covenant and agree with Permit Trustee to be jointly and severally liable to Permit Trustee for, and in addition, to indemnify and save harmless Permit 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 Permit Trustee holding the Permits in trust, unless caused by the gross negligence or willful misconduct of Permit Trustee or its agents.

5.2 Liability of Parties

The parties confirm that any failure by a party to transfer or receive, as applicable, the conveyance and assignment of the Permits from Permit Trustee as and when required hereunder, will result in irreparable harm to the other party, which harm could not be adequately compensated by monetary damages. Accordingly, each party agrees that the other party shall be entitled to interim or permanent injunctive relief, specific performance or other equitable remedies in addition to any other relief to which such other party 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:

Permit 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 Permits, or any part or portion thereof, is held in trust by Permit Trustee for Beneficiary, and thereafter until all accounts between Permit Trustee and Beneficiary, or Permit 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 Permits.

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: ______________________
Graydon Glans
Chief Financial Officer

Per: ______________________

RANCH RESOURCES CORPORATION

Per: ______________________
RYAN TOBBER
President & CEO

Per: ______________________

OPSMOBIL GROUP INC.

Per: ______________________
RYAN TOBBER
President & CEO

Per: ______________________

This is Exhibit “D” referred to in the Affidavit of Mark Horrox made before me on this 24th day of October 2018.

Notary Public

TRANSITION SERVICES AGREEMENT

This Agreement is made this July 7, 2017, between:

Predator Oil BC Ltd., a British Columbia corporation ("Vendor")

and

Ranch Energy Corporation, an Alberta corporation ("Purchaser")

WHEREAS:

A. The parties entered into a purchase and sale agreement dated May 8, 2017, (the "Sale Agreement") pursuant to which Vendor has agreed to sell to Purchaser the Assets, and Purchaser has agreed to purchase the Assets, on and subject to the terms set forth in the Sale Agreement; and

B. In connection therewith, Vendor agrees to provide Purchaser with certain transition services as set forth in this Agreement.

Therefore the Parties agree with each other as follows:

1. Defined Terms

Capitalized terms used in this Agreement and not otherwise defined in this Agreement have the meanings given to such terms in the Sale Agreement.

2. Transition Services

During the Transition Period (as that term is defined herein), Vendor will provide to Purchaser, with respect only to the Assets, the services set forth in Schedule "A", attached hereto and made part of this Agreement, and such other transition services that the Parties may otherwise mutually agree to in writing during the Transition Period (the "Services"). For the Transition Period, Purchaser will pay Vendor an amount equal to Vendor's Cost plus five percent (5%) for all Services. For purposes of this Agreement, "Vendor Cost" means the cost historically allocated to the Assets for such Services, including a reasonable amount for overhead, adjusted to reflect any changes in the nature or level of such Service. If no cost has historically been allocated to the Assets for such Service, then "Vendor Cost" will be defined as the sum of (i) the total cost of any individuals' salaries plus 5% for those individuals engaged in providing the Services, prorated on an equitable basis for time spent on providing such Service, plus (ii) any other direct out-of-pocket costs incurred by Vendor in providing such Service. Other than direct out-of-pocket costs incurred by the Vendor, Vendor's total monthly invoice for the Services will not exceed $50,000. During the Transition Period and subject to Vendor's normal workplace policies and procedures, Vendor will allow Purchaser's employees and contractors the right to observe and ask reasonable questions of Vendor relating to Purchaser's future conduct of such Services.

1. Invoicing and Payment

Promptly after the end of each calendar month during which Services are provided by Vendor, Vendor will invoice Purchaser for the Services for that month. All invoices will be paid within 30 days of receipt.

1. General Intent

Vendor will use its commercially reasonable efforts to provide the Services in accordance with its policies, procedures and practices in effect before the consummation of the transactions contemplated by the Sale Agreement. Purchaser agrees to use its commercially reasonable efforts to terminate its use of the Services as soon as reasonably possible and, in all events, to terminate its use of each Service by not later than the end of the Transition Period. During the Transition Period, Vendor and Purchaser will cooperate with each other to the extent reasonably required with respect to the performance of the Services by Vendor. Such cooperation will also extend to the training of Purchaser's employees with respect to the functions required in connection with the performance of the Services. Vendor, in providing the Services, will have discretion, acting reasonably, in determining whether a service requested by Purchaser is unsafe, unlawful or not in accordance with good and prudent oilfield and business practices, and in such event Vendor can refuse to perform such a service.

2. Standard of Care

Vendor shall perform the Services: (i) with the same degree of diligence and care that a reasonably prudent person, having responsibilities of a similar nature, would exercise in comparable circumstances, (ii) in accordance with Applicable Law and (iii) in accordance with good oil and gas filed practices.

3. Purchaser Review

During the currency of this Agreement and for a period of one month following receipt by Purchaser of final invoice of Vendor, Purchaser may, upon reasonable notice to Vendor, have access during normal business hours to all relevant books, accounts and records of Vendor in respect of Vendor's Services and invoicing of same.

4. Sale Agreement

The Parties acknowledge and agree that this Agreement shall be read and construed such that the Vendor shall not be compensated for any Services if it is already compensated for such Services in the adjustment provisions contained in the Sale Agreement.

5. Validity of Documents

The Parties shall be entitled to rely upon the genuineness, validity or truthfulness of any document, instrument or other writing presented in connection with this Agreement unless such document, instrument or other writing appears on its face to be fraudulent, false or forged.

6. Term of Agreement

The term of this Agreement commences on the date of this Agreement and continues until the earlier of termination by Purchaser pursuant to Section 10 below and three months from the date of this Agreement (the "Transition Period").

7. Termination

Purchaser may terminate, in whole or in part, its use of any of the Services provided by Vendor under this Agreement upon 5 days' prior written notice to Vendor.

8. Assignment

This Agreement is not assignable in whole or in part by either Party without the prior written consent of the other Party.

9. Business Records

All records which are necessary for the operation of the Assets that come into the possession of Vendor as a result of performing the Services are the property of and will be delivered or returned to Purchaser at the end of the Transition Period, except that Vendor need only provide copies of such records that are not used solely and exclusively in the operation of the Assets (with any portion thereof pertaining to businesses other than pertaining to the Assets being redacted therefrom).

10. Confidentiality

This Agreement, its terms and the entering into it by the Parties, shall be subject to the Confidentiality Agreement.

11. Indemnification

Purchaser hereby agrees to indemnify, defend, save and hold harmless Vendor, from and against any and all Damages (as hereinafter defined) of any kind which are caused by, arise from, are incurred in connection with or relate in any way to the Services to be provided to Purchaser by Vendor under or pursuant to this Agreement; provided, however, this indemnity will not apply to Damages caused by the negligence or wilful misconduct of Vendor. The term "Damages" means any and all (i) obligations (including corrective and remedial obligations), (ii) liabilities, (iii) damages (including, but not limited to, injury to or death of persons (including, but not limited to, employees of the Vendor)) and damages to or destruction or loss of property (including, but not limited to, the environment and natural resources), (iv) fines, (v) penalties, (vi) losses, (vii) actions, (viii) suits, (ix) claims, (x) judgments, orders, directives, injunctions, decrees or awards of any federal, provincial, or local court or administrative or governmental authority, bureau or agency, and (xi) costs and expenses (including, but not limited to, legal fees, court costs and expert witness fees). Provided further that, if neither this Section 14 nor any of the subsections modifying this Section 14 contains an indemnity obligation that is enforceable under Applicable Law, then, but only in such event, this Section 14 will be modified, read, construed and enforced to the fullest extent permitted by Applicable Law, and any obligation that is enforceable will remain in full force and effect and be binding on the Parties and upon any Person with an indemnity obligation by reason of this Agreement.

12. Limitation of Liability

Notwithstanding anything to the contrary elsewhere in this Agreement, no Party or its Affiliates shall in any event be liable to the other Party or its Affiliates for any incidental, consequential or indirect damages of any kind or character howsoever arising under this Agreement, including loss of use, loss of profit, loss of revenue or income, cost of capital, or loss of business reputation or opportunity.

13. Governing Law

The laws of the Province of Alberta, taking into account the principles of conflict of laws, govern all matters arising under this Agreement. The courts of the Province of Alberta have exclusive jurisdiction in respect of all matters arising out of this Agreement.

14. Notices

All notices or other communications required or permitted to be given hereunder must be in writing and may be delivered by hand, sent by facsimile or sent by reputable courier service. Notices will be deemed given when so delivered by hand or by courier (provided that if not delivered during normal business hours on a Business Day notice will be deemed to occur at the start of normal business hours on the next Business Day) or, if notice is given by facsimile, it is deemed received when actually received by the other Party if received during normal business hours on a Business Day or at the commencement of normal business hours on the next Business Day otherwise. Notice must be delivered to the Parties at the following address and facsimile number:

Vendor:
Predator Oil BC Ltd.
1500 250 2 St SW
Calgary AB T2P 0C1
Facsimile: 587.296.4916
Attention: Greg Macdonald

Purchaser:
Ranch Energy Corporation
1200 815 8 Ave SW
Calgary AB T2P 3P2
Facsimile: 780-402-2448
Attention: Ryan Tobber

Any Party may change the address or facsimile number to which such communications are to be directed to it by giving written notice to the other Party in the manner set forth above.

15. Amendment

This Agreement, or any part of this Agreement, may be changed, altered or amended only by written instrument signed by the Parties.

16. Waiver

The failure by either Party to exercise promptly any right granted in this Agreement or to require strict performance of any obligation imposed under this Agreement will not be deemed a waiver of such right.

17. Severability

Whenever possible, each provision of this Agreement must be interpreted in such manner as to be valid and effective under Applicable Laws, but if any provision of this Agreement or the application of any such provision to any Person or circumstance is held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, (a) such provision will be deemed to be automatically amended to the extent necessary to comply with Applicable Laws and permit enforcement and (b) such finding will not affect the binding effect of the other provisions of this Agreement, unless, in either case, such amendment or finding (after giving effect to any permitted amendment) materially impairs the economic benefit or protections to be derived by a Party from the transactions contemplated hereby, taken as a whole.

18. Interpretation

The headings and captions contained in this Agreement and in Schedule "A" attached to this Agreement are for convenience of reference only and shall not affect in any way the construction or the interpretation of this Agreement. The use of the word "including" and all derivatives thereof herein shall mean "including, without limitation".

19. No Strict Construction

Notwithstanding the fact that this Agreement has been drafted or prepared by one of the Parties, Purchaser and Vendor confirm that both they and their respective counsel have reviewed, negotiated and adopted this Agreement as the joint agreement and understanding of the Parties, and the language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

20. Entire Agreement

This Agreement set forth the entire agreement and understanding of the Parties in respect to the transactions contemplated hereby and supersedes all prior agreements, arrangements and undertakings, whether written or oral, relating to the subject matter of this Agreement.

21. Relationship of Parties

Except as specifically provided herein, neither Party may act or represent or hold itself out as having authority to act as an agent or partner of the other Party; or in any way bind or commit the other Party to any obligations whatsoever. Vendor shall have no authority to negotiate or enter into or otherwise bind Purchaser to any agreement, instrument or document. Nothing contained in this Agreement will be construed as creating a partnership, joint venture, agency, trust or other association of any kind, each Party being individually responsible only for its obligations as set forth in this Agreement.

22. Force Majeure

If either Party is prevented from complying, either totally or in part, with any of the terms or provisions of this Agreement by reason of (i) fire, flood, hurricane, storm, or other acts of God, (ii) strike, lockout or other labour trouble, (iii) any law, order, proclamation, regulation, ordinance, demand or requirement of any Government Authority, (iv) riot, war, rebellion or (v) other causes beyond the reasonable control of Vendor or its Affiliates, then upon written notice to the other Party, the affected provisions and/or other requirements of this Agreement will be suspended during the period of such disability and the affected Party will have no liability to the other Party or any other party in connection therewith. The affected Party will use all commercially reasonable efforts to remove such disability within thirty (30) days of giving notice of such disability. Provided that lack of finances will in no way be considered a force majeure.

23. Enurement

This Agreement shall be binding upon and enure to the benefit of the Parties and their respective successors and permitted assign

24. Execution

This Agreement may be executed in any number of counterparts with the same effect as if all signatories to the counterparts had signed one document, provided that neither Party is bound to this agreement until both Parties have executed a counterpart. All such counterparts will together constitute and be construed as one instrument.

The undersigned have duly executed this agreement as of the date first above written.

Predator Oil BC Ltd.	**Ranch Energy Corporation**
Per: ______________________	Per: ______________________
Graydon Glans Chief Financial Officer	RYAN TOBBER President & CEO
Per: ______________________	Per: ______________________

Schedule "A"

Attached to and forming part of that Transition Services Agreement made and entered into as of July 7, 2017 between Predator Oil BC Ltd. and Ranch Energy Corporation.

SERVICES

1) Field Operations:

   a) Operating, superintending and maintaining all wells, systems and associated personal property and facilities;

   b) Operations necessary to respond to emergencies with respect to wells and related assets;

   c) Operating automated field systems and related computer software and equipment, including SCADA and similar automation and control equipment and facilities;

   d) Maintenance of field data capture systems and tracking;

   e) All BCOGC DDS filings, and submissions as may be required from time to time;

   f) Required workover operations; and

   g) Any joint venture administration that may be required.

2) Production Accounting:

   a) Routine accounting for production and expenses;

   b) Joint interest billing;

   c) Maintenance of royalty records and submissions;

   d) Gathering and forwarding of billings and invoices to Purchaser for payment; and

   e) Other required accounting and regulatory compliance undertakings.

3) LMR Reduction Project:

   a) Upon instructions from Purchaser, perform actions necessary to reduce Purchaser's LMR deposit requirements during the Transition Services period.

4) Land Administration and Rental Payments:

   a) Continue required surface and mineral rental payments to maintain lease terms; and

Assist in transition of rental payment schedules to Purchaser.

This is Exhibit "E" referred to in the Affidavit of Mark Horrox made before me on this 24th day of October 2018.

Notary Public

COURT FILE NUMBER	1801-09424
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANTS	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., OPSMOBIL GROUP INC., OPSMOBIL CONSTRUCTION INC., OPSMOBIL ENERGY SERVICES INC., AIR DALLAIRE LTD. AND K.L. CAPITAL CORP.
DOCUMENT	FIRST REPORT OF THE MONITOR MATERIAL ADVERSE CHANGE REPORT JULY 18, 2018
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	MONITOR

Clerk's Stamp
CLERK OF THE COURT
FILED
JUL 19 2018
JUDICIAL CENTRE OF CALGARY

MONITOR

Ernst & Young Inc.
Calgary City Centre
2200, 215 2nd Street SW
Calgary, AB T2P 1M4
Attention: Neil Narfason / Peter Chisholm
Telephone: (403) 206-5067 / (403) 206-5061
Fax: (403) 206-5075
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TABLE OF CONTENTS

APPENDIX

INTRODUCTION

1. On July 4, 2018, the Court of Queen's Bench of Alberta (the "Court") granted an Order (the "Interim Stay Order") approving, amongst other things, an interim stay of proceedings up to July 10, 2018 (the "Interim Stay Period") with respect to the Applicants, namely Ranch Energy Corporation ("Ranch"), OpsMobil Inc. ("OpsMobil"), 1734163 Alberta Inc. ("1734 AB"), 1859821 Alberta Inc. ("1859 AB"), OpsMobil Group Inc. ("Ops Group"), OpsMobil Construction Inc. ("Ops Construction"), OpsMobil Energy Services Inc. ("Ops Services"), Air Dallaire Ltd. ("Air Dallaire") and K.L. Capital Corp. ("KLCC") (collectively the "Applicants"). Ops Group, Ops Construction, Ops Services, Air Dallaire and KLCC are collectively referred to as "OpsMobil".

2. The Interim Stay Order further approved interim financing up to the amount of $856,000 (the "Interim Borrowings") to be advanced from Third Eye Capital Corporation ("TEC") to fund critical payables during the Interim Stay Period. The Interim Borrowings are secured by a first ranking charge on the property of the Applicants approved by the Interim Stay Order.

3. On July 10, 2018 (the "Filing Date"), the Applicants sought and obtained protection pursuant to the *Companies' Creditors Arrangement Act, R.S.C. 1985, C-36*, as amended (the "CCAA") pursuant to an Order of this Honourable Court (the "Initial Order").

4. Pursuant to the Initial Order:

   a) Ernst & Young Inc. was appointed as Monitor ("EY" or the "Monitor") of the Applicants;

   b) A stay of proceedings was granted as against the Applicants and the Monitor up to and including July 20, 2018 (the "Initial Stay Period");

   c) The Applicants were authorized to borrow interim financing of $1,356,000 (the "Interim Loan") from TEC pursuant to the interim lending credit facility. The Interim Loan is the aggregate of the Interim Borrowings approved by the Interim Stay Order and authorized borrowings of an additional $500,000 to fund the Applicants during the Initial Stay Period; and

   d) The Interim Loan is secured by a first ranking charge (the "Interim Lender's Charge") over the property of the Applicants.

BACKGROUND

5. The Applicants' businesses are segregated between natural gas production & processing and oilfield services, as follows:

   a) Ranch is the operator or has a working interest in approximately 1,600 oil and gas wells in northeast British Columbia and owns and operates a gas processing plant in the Wildboy district of British Columbia (collectively, the "PNG Assets"). All of Ranch's oil and gas properties were acquired from Predator Oil BC Ltd. ("Predator") on July 10, 2017. The permits associated with the PNG Assets continue to be held by Predator pursuant to a trust agreement as Ranch was not qualified to hold the permits under British Columbia Oil and Gas Commission ("BCOGC") regulations; and

   b) OpsMobil are a group of oilfield service companies that provided construction, aviation and energy services in the oil and gas sector. As at the Filing Date, OpsMobil had 45 employees which were providing operating and oilfield services to Ranch and OpsMobil had no other active material business ongoing.

6. The Applicants' business was negatively impacted by the depressed economic climate in the oil and gas industry as a result of low oil & gas commodity prices.

PURPOSE

7. The purpose of this first report of the Monitor (the "First Report") is to provide the Court with the Monitor's comments on:

   a) The notices issued by the Monitor to the creditors of the Applicants in accordance with the Initial Order and other activities undertaken by the Monitor;

   b) The Applicant's failure to secure additional Interim Financing which constitutes a material adverse change within these CCAA Proceedings as the Applicants do not have sufficient liquidity to operate beyond July 20, 2018 as evidenced by the Applicants' cash flow forecast (the "Cash Flow Projection") for the period of July 21, 2018 to August 4, 2018 (the "Forecast Period");

   c) The impact of the current circumstances on the Applicants including the Applicants' inability, without further financing, to either continue to operate or conduct a safe shut-in of its active oil and gas operations in north eastern British Columbia; and

   d) The Monitor's recommendation to terminate these CCAA proceedings.

TERMS OF REFERENCE AND DISCLAIMER

8. In preparing this First Report, the Monitor has been provided with, and has relied upon, unaudited financial information, the Applicants' books and records, financial information prepared by the Applicants and discussions with Applicants' management ("Management") (collectively the "Information").

9. Capitalized terms not defined in this report or the Appendices hereto are as defined in the Initial Order or the Affidavits of Mr. Ryan Tobber dated July 3 and 8, 2018.

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

NOTICE TO CREDITORS

11. Pursuant to the terms of the Initial Order and in accordance with the CCAA, on July 16 and 17, 2018, the Monitor mailed a notice (the "Initial Filing Notice") to approximately 684 parties comprising every creditor known to the Applicants to have a claim of more than $1,000 against the Applicants, notifying the creditors of the issuance of the Initial Order and advising that a copy of the Initial Order is available on the Monitor's website.

12. The Initial Filing Notice also advised that if a creditor was unable to obtain a copy of the Initial Order from the Monitor's website, it could request a copy to be delivered to it.

13. The Monitor published notice of the Initial Order in accordance with the CCAA in the *Calgary Herald* and *Daily Oil Bulletin* on July 17, 2018 and has arranged to publish notice again on July 24, 2018.

USE OF INTERIM FINANCING UNDER APPROVED UNDER INITIAL ORDER

14. In accordance with the Initial Order, the Monitor has opened separate trust accounts (the "Trust Accounts") for Ranch and OpsMobil to hold all revenue and funds received by the Applicants and permit payment from such account to pay amounts contemplated by the Cash Flow Statements, provided that payment of such amounts are approved in advance by the Monitor.

15. The amount of $500,000, as approved pursuant to the Initial Order, was advanced by TEC on July 16, 2018 and deposited into the Trust Accounts. In order to maintain operations, the Applicants, with the approval of the Monitor, have directed payments to be issued from the Trust Deposits for deposits and expenses arising subsequent to the Filing Date.

16. The major categories of expenses that have been committed to be paid by the Applicants with

the Interim Financing, and approved by the Monitor, are as follows:

a) Payroll due on July 20, 2018 of approximately $200,000;

b) Premiums associated with renewing the Applicant's general commercial and property insurance of $125,000;

c) A helicopter charter of $53,000 to access remote well-sites for a two week period;

d) Office rent of $25,000; and

e) A charter flight to change the shift crew at the Wildboy Plant of $12,000.

17. Additional field expenses (camp expenses, fuel, chemicals, etc.) are expected to exhaust the remaining funds available from the Interim Financing during the week ended July 20, 2018.

18. The Applicants, with the assistance of the Monitor, have issued notices to debtors with receivables owed to the Applicants as at the Filing Date directing that payments to the Applicants be directed to the Monitor to be deposited in the Trust Accounts pursuant to the Initial Order.

19. The Applicants are not forecast to collect additional receipts until oil and gas production for June 2018 is collected on July 25, 2018.

MATERIAL ADVERSE CHANGE

20. The Applicants, with the assistance of the Monitor, have been preparing revised cash flow forecasts (the "Revised Cash Flow Projections") to evaluate the borrowings required to finance the operations of the Applicants during a proposed sale and investment solicitation process ("SISP") under these CCAA Proceedings. Under the proposed SISP, the Applicants would solicit offers to acquire all or some of the property and/or invest in the business of the Applicants.

21. The Revised Cash Flow Projections evidence that the borrowings required to complete a SISP through these CCAA proceedings would be materially higher than identified in the Applicants' 13-week cash flow forecast attached at appendix 'B' and 'C' to the Pre-filing Report of the then proposed monitor, Alvarez & Marsal Canada Inc., dated July 3, 2018.

22. As TEC is the primary secured lender to the Applicants and provided the Interim Financing pursuant to the Interim Stay Order and Initial Order, the Applicants, with the assistance of the Monitor, have been in discussions with TEC concerning the Revised Cash Flow Projections and

TEC additional Interim Financing to permit the Applicants to complete the proposed SISP.

23. On July 18, 2018, TEC presented proposed terms of an interim financing credit agreement (the "Proposed Interim Financing") to the Applicants. The Applicants requested certain amendments to the Proposed Interim Financing. In response TEC advised the Applicants later on July 18, 2018 that the Proposed Interim Financing was withdrawn and that TEC would be seeking an Order terminating the CCAA proceedings of the Applicants and appointing Ernst & Young Inc. as the receiver and manager of the Applicants.

24. The Monitor understands that TEC will commit sufficient borrowings to a Receiver to continue to operate the business of the Applicants under a proposed SISP to be undertaken by a Receiver.

25. As at the Filing Date, Management of the Applicants advised the Monitor that they had also initiated discussions with two specialty lenders known to provide interim financing to companies in CCAA proceedings.

26. The Monitor understands that term sheets presented by the alternative lenders are subject to further due diligence and therefore, the Monitor is of the opinion that sufficient borrowings will not available to the Applicants by July 20, 2018, the date that the Applicants are forecast to exhaust their cash.

IMPACT OF CURRENT CIRCUMSTANCES

27. Based on the above-noted changes to the Applicants' operations, the Applicants have prepared the Cash Flow Projection which has been attached hereto as Appendix "A".

28. The Cash Flow Projection indicates that the Applicants will be cash flow negative over the Forecast Period by a total of approximately $1.4 million, as follows:

Applicants — Exhibit 1.0
Summary of cash flow statements from July 21, 2018 to August 4, 2018
$000's, CAD

Applicant	Appendix	Opening Cash	Receipts	Disbursements	Interim Financing	Ending Cash
Applicants[1]	*A*	-	886	(2,244)	1,400	42

[1] Consolidated cash flow forecast of: Ranch Energy Corporation, OpsMobil Group Inc., OpsMobil Inc., OpsMobil Construction Inc., OpsMobil Energy Services Inc., K.L. Capital Corp., Air Dallaire Ltd., 1734163 Alberta Inc. and 1859821 Alberta Inc.

29. As identified by the Revised Cash Flow Projections, the Applicants do not have the Interim Financing required to operate beyond the Initial Stay Period of July 20, 2018.

Safe Shut-in of PNG Assets

30. Without interim financing, the Applicants will not be able to maintain its operations and will be required to cease operating its active PNG Assets which include, but are not limited to, the following:

a) 374 wells in the Wildboy District of British Columbia operated by the Applicants;

b) 554 wells in the Fort St. John District of British Columbia operated by the Applicants;

c) 58 operated facility and stations at various locations;

d) A gas processing plant located at tl-75-A/094-P-10 in Helmet, British Columbia; and

e) Over 900 km of pipeline in northeast British Columbia.

31. The Applicants' PNG Assets are regulated by the BCOGC, among other regulatory bodies. BCOGC regulations cover virtually all aspects of the Applicants' operations, including in the event that operations are temporarily or permanently halted.

32. As noted above, if additional Interim Financing is not secured the Applicants will not have access to the necessary funding to continue operations or to cease operating and safely shut down.

REQUEST FOR THE TERMINATION OF THE CCAA PROCEEDINGS

33. Pursuant to the Initial Order, as amended, the Stay Period continues to and including July 20, 2018. The Monitor understands that TEC will seek an Order (the "CCAA Termination Order") of this Honourable Court terminating these CCAA proceedings effective July 19, 2018.

34. The Monitor supports TEC's request for the CCAA Termination Order, and believes that the CCAA Termination Order is necessary given, given, among other things:

a) That the Applicant's Cash Flow Projections demonstrates required interim financing of $1.4 million to operate during the Forecast Period and no interim financier is in place or available to fund the CCAA;

b) The further stay extension sought by the Applicants will not be supported by TEC, the

Applicants' primary secured creditor prior to these proceedings and Interim Lender under the Interim Financing; and

c) The Applicants have insufficient funding to complete a safe shut-in of the PNG Assets and the CCAA Termination Order will permit TEC to appoint a Receiver, under which TEC has committed to provide the Receiver with sufficient borrowings to operate the PNG Assets in accordance with BCOGC Regulations.

RECOMMENDATION

35. The Monitor respectfully recommends that this Honourable Court approve the CCAA Termination Order.

Dated at Calgary, this 18th day of July, 2018.

ERNST & YOUNG INC.
in its capacity as the
Monitor of the Applicants

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

Peter Chisholm, CPA, CA, CIRP, LIT
Vice-President

APPENDIX A

APPLICANTS' CASH FLOW PROJECTIONS

Applicants Appendix A

Cash flow forecast for the period of July 21, 2018 to August 4, 2018

$000's, CAD

Week ended	Week 1 28-Jul	Week 2 04-Aug	Total 2 weeks
Oil and gas receipts	541	-	541
Liquids receipts	210	-	210
Joint interest billings	25	-	25
Total Ranch receipts	776	-	776
Field operating costs	-	(40)	(40)
Reactivation, maintenance and regulatory	-	(341)	(341)
Transportation costs	(655)	-	(655)
Royalties, surface and mineral (Crown and freehold)	(45)	-	(45)
Regulatory	-	(50)	(50)
Joint interest billings	-	(60)	(60)
General and administrative expenses	(100)	(15)	(115)
Contract accounting and asset management	-	(63)	(63)
Contingency	(50)	(50)	(100)
Total Ranch disbursements	(850)	(619)	(1,469)
Net change in cash from Ranch operations	(74)	(619)	(693)
Other	110	-	110
Total OpsMobil receipts	110	-	110
Salaries, wages and source deductions	-	(230)	(230)
Field operating costs	(10)	(25)	(35)
General and administrative expenses	-	(55)	(55)
Contingency	(50)	-	(50)
Total OpsMobil disbursements	(60)	(310)	(370)
Net change in cash from OpsMobil operations	50	(310)	(260)
Net change in cash from consolidated operations	(24)	(929)	(953)
Restructuring costs	(310)	(95)	(405)
Total net change in cash	(334)	(1,024)	(1,358)
Opening cash balance	-	1,066	-
Interim Financing borrowing	1,400	-	1,400
Ending cash balance	1,066	42	42

Interim Financing			
Opening borrowing balance	1,356	2,756	1,356
Borrowing	1,400	-	1,400
Ending borrowing balance	2,756	2,756	2,756

The forecast has been prepared solely for the Company'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 uses.

This represents the consolidated cash flow forecast of the Applicants: Ranch Energy Corporation, OpsMobil Group Inc., OpsMobil Inc., OpsMobil Construction Inc., OpsMobil Energy Services Inc., K.L. Capital Corp., Air Dallaire Ltd., 1734163 Alberta Inc. and 1859821 Alberta Inc.