

COURT FILE NUMBER

1901 - 07098

**COURT OF QUEEN'S BENCH OF
ALBERTA**

CALGARY

PLAINTIFF

SAFeway HOLDINGS (ALBERTA) LTD.

DEFENDANTS

**PETROCAPITA OIL AND GAS L.P.,
PETROCAPITA G.P. I LTD., PETROCAPITA
PROCESSING L.P. AND PETROCAPITA G.P. II
LTD.**

DOCUMENT

**SECOND REPORT OF THE COURT
APPOINTED RECEIVER AND MANAGER OF
PETROCAPITA OIL AND GAS L.P.,
PETROCAPITA G.P. I LTD., PETROCAPITA
PROCESSING L.P. AND PETROCAPITA G.P. II
LTD.**

DATED APRIL 24, 2020

**PREPARED BY HUDSON & COMPANY
INSOLVENCY TRUSTEES INC.**

**ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT**

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TABLE OF CONTENTS

INTRODUCTION AND BACKGROUND 3
 Introduction 3
 Notice to Reader..... 3
 Background 4
 Powers of the Receiver 4
ACTIVITIES SINCE THE FIRST REPORT..... 5
 Operations 5
SALES PROCESS 7
RECEIVER’S BORROWINGS 13
STATEMENT OF RECEIPTS AND DISBURSEMENTS 13
PROFESSIONAL FEES 14
SEALING ORDER - CONFIDENTIAL APPENDIX..... 15
APPROVAL SOUGHT 16

APPENDICES

Appendix A – Amended Consent Receivership Order dated August 20, 2019

Appendix B – First Interim Report of the Receiver

Appendix C – Invitation for Offers to Purchase Assets

Appendix D – Confidentiality Agreement

Appendix E – Purchase and Sale Agreement Template

Appendix F – Statement of Receipts and Disbursements

CONFIDENTIAL APPENDIX

Confidential Appendix 1 – Details of Offers on the Assets

INTRODUCTION AND BACKGROUND

Introduction

1. Pursuant to an Order (the “**Receivership Order**”) granted by the Court of Queen’s Bench of Alberta (the “**Court**”) on June 11, 2019 (the “**Date of Receivership**”), Hudson & Company Insolvency Trustees Inc. (“**Hudson**”) was appointed as receiver and manager (the “**Receiver**”) of Petrocapita Oil and Gas L.P. and Petrocapita G.P. I Ltd. (together, “**Petrocapita Oil and Gas**”). Following an application by the Receiver, by order dated August 20, 2019 the Court granted an **Amended Receivership Order**, which resulted in Petrocapita Processing L.P. and Petrocapita G.P. II Ltd. being added as part of the companies collectively referred to above as Petrocapita Oil and Gas. A copy of the Amended Receivership Order is attached as **Appendix A**.
2. The Receivership Order dated June 11, 2019 was granted as a result of an application by Safeway Holdings (Alberta) Ltd. (“**Safeway**”), which holds registered security over all of Petrocapita Oil and Gas’s present and after acquired property pursuant to a general security agreement.
3. The Receiver retained Dentons Canada LLP (“**Dentons**”) as its independent legal counsel.

Notice to Reader

4. In preparing this report, the Receiver has relied on unaudited financial statements, Petrocapita Oil and Gas’s books and records and discussions with former management, interested parties and other stakeholders. The Receiver has not performed an independent audit or review of the information provided, or otherwise made any attempt to verify the accuracy or completeness of the information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook. The

Receiver assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the use of this Report, or the reproduction, publication or circulation thereof.

Background

5. Petrocapita Oil and Gas is an operating oil and gas company with a focus on acquisition and development of heavy oil production and midstream assets. Petrocapita Oil and Gas holds licenses for approximately 450 operating and shut-in wells in Eastern Alberta and Western Saskatchewan.
6. The Receiver filed its First Report dated August 12, 2019 in support of an application to expand the receivership order to include Petrocapita Processing L.P. and Petrocapita G.P. II Ltd. (the “**First Report**”).
7. The Receiver also filed an interim report (the “**First Interim Report**”) dated December 10, 2019 pursuant to Subsection 246(2) of the *Bankruptcy and Insolvency Act*, a copy of which is attached as **Appendix B**.
8. This report constitutes the second report of the Receiver (the “**Second Report**”). This Second Report is filed to provide this Honourable Court with an update as to the Receiver’s activities since the date of the Amended Receivership Order, and in response to an application being brought by Safeway to end the receivership and discharge the Receiver of its duties.
9. The Receiver further respectfully seeks approval of the Receiver’s reported actions, fees and costs, and those of its legal counsel, to date in respect of administering these receivership proceedings.

Powers of the Receiver

10. The Receiver’s powers are detailed in Paragraph 3 of the Receivership Order. They include the power to take and maintain possession and control of the assets, undertakings and property of Petrocapita Oil and Gas; the power to manage, operate and carry on the business of Petrocapita Oil and Gas; and the power to market and sell the assets of Petrocapita Oil and Gas

(subject to Court approval if one sale exceeds \$500,000 or if in the aggregate the sales exceed \$1,500,000).

ACTIVITIES SINCE THE FIRST REPORT

Operations

11. Since the Date of Receivership, Petrocapita Oil and Gas has continued to operate and produce oil from up to 12 operating wells, 6 of which are in Alberta and 6 of which are located in Saskatchewan. At the start of the receivership, production was stable at around 150 to 170 barrels per day.
12. The Receiver has continued to work with operational contractors and attend to necessary expenses for regular well maintenance over the receivership period. This includes the use of lubricants, engine repairs, flush by work, lease maintenance, and so on. Notwithstanding ongoing regular maintenance, beginning in the fall of 2019, downhole pumps began failing on some of the largest production wells.
13. Presently, there are only 4 producing wells with production of approximately 35 barrels of oil per day. At the current market prices, this equates to daily production revenue in the range of \$122 to \$279. This is a significant decline in production and revenue over the period of the receivership.
14. For two of the largest production wells (with daily production averaging 36 and 27 barrels of oil per day, respectively), when the downhole pumps failed, the revenue from these two wells was approximately \$1,700 per day and \$1,100 per day, respectively. When the production from these wells went offline, the impact on the cash flow for the receivership was significant. Recognizing the current commodity prices and low levels of production, the estate is generating negative cash flow going forward.
15. At the time the largest production wells began failing, the Receiver consulted with its operational contractors and assessed the cost and benefit in order to get the two high-production

wells back online. It was determined that in order to get those two wells back online and producing, the down-hole repair work would cost an estimated \$20,000 to \$30,000 for each well. The Receiver was advised that any repair work would not be guaranteed to resolve the prevailing problems and bring production back online.

16. The Receiver discussed the decline in production and the recommended remedial work to be undertaken with both the Alberta Energy Regulator (“**AER**”) and the Saskatchewan Ministry of Energy and Resources (“**SMER**”) (collectively, the “**Provincial Regulators**”), who assert priority interests in any estate proceeds as a result of the outcome of the *Orphan Well Association v Grant Thornton Limited*, 2019 SCC 5 (“**Redwater**”).
17. In January 2020, the AER advised the Receiver they would only support using existing funds generated from oil sales to deal with liability or safety and security issues at wellsites, and would not approve use of the funds for the suggested remedial work. As neither of those issues existed, and in view of the high cost of repair work, and prevailing uncertainty, the Receiver has declined to undertake the necessary expenditures to complete these major well workovers. Production remains depressed as a result.
18. Since the Date of Receivership, the sale of Petrocapita Oil and Gas’ production has been to Shell Trading Canada and to Husky Oil Operations Ltd.

Rig Equipment

19. Petrocapita Energy Corporation (“**PEC**”) is a wholly owned subsidiary of Petrocapita Income Trust (“**PIT**”). PEC was not included in the Receiver’s application to amend and expand the original receivership Order and is not currently a part of the receivership.
20. Prior to the Amended Receivership Order being granted, based on information available at that time, the Receiver and Royal Bank of Canada (“**RBC**”) were of the view that PEC owned two service rigs with ancillary equipment (the “**Rigs**”), and two service maintenance trucks and some well-site servicing equipment (the “**Equipment**”). RBC claimed a priority security interest in the Rigs and Equipment, which were dismantled and sitting in a storage yard, and

subject to a potential lien/storage claim.

21. Following the granting of the Amended Receivership Order, it was determined that the Rigs and Equipment were actually transferred from PEC to Petrocapita Processing LP on January 1, 2017, well before the Receivership Order was granted. The executed purchase and sale agreements were discovered subsequent to the Amended Receivership Order being granted. RBC indicated it was not aware of the transfer of the Rigs to Petrocapita Processing LP and took steps to perfect its security interest in the Rigs upon becoming aware of the transfer.
22. The Receiver has assessed the competing claims as against the Rigs, and the condition and expected value of the same, and is of the view there is no value in the Rigs to the estate. The Receiver has advised RBC that it may seek to realize on the Rigs and, if it chooses to do so, any amounts recovered by RBC in excess of its secured claim should be remitted to the estate.
23. RBC has advised the Receiver it has no interest in the Equipment. There is no expected net realization for the Equipment within the receivership proceedings and the Receiver has accordingly not taken steps to recover and/or realize upon the same.

SALES PROCESS

24. Since the Date of Receivership, the Receiver has, among other things, engaged in ongoing communications with various stakeholders of Petrocapita Oil and Gas, including creditors, the Provincial Regulators, employees and contractors, prospective purchasers, and others and carried on the business of Petrocapita Oil and Gas, including by retaining contractors to assist in this process.
25. The Receiver has, following its appointment and in accordance with the powers granted to it by the Receivership Order, reached out to potential purchasers and sought offers on the Product Inventory and Processing Equipment (as defined in the First Report, and hereinafter referred to as the “Assets”).

The Efficacy of the Sayer Process

26. As noted in the First Report, the Receiver is aware that prior to its appointment, PIT had retained Sayer Energy Advisors to market the Assets for sale (the “**Sayer Process**”). Following this sale process, only one offer was received at an amount substantially below the value of the debt owing by Petrocapita Oil and Gas to its secured creditors.
27. As further noted in the First Report, the Receiver is satisfied that the Sayer Process was fulsome, recently completed, met or exceeded industry standard, and properly exposed the Petrocapita oil and gas assets to the market. The Receiver is also of the view the Petrocapita oil and gas assets have been effectively marketed and that a further formal solicitation and sale process would incur unnecessary expense for the estate creditors.
28. Accordingly, the Receiver has relied on the efficacy of the Sayer Process.

The Sales Process Conducted by the Receiver

29. Over the course of this receivership, the Receiver has received several expressions of interest, regarding both specific wells or en-bloc purchases of the Assets. Some of these interested parties continue to have discussions with the Receiver. Given the timing of this application for discharge, while sale prospects are still being reviewed and considered, some narrative and background is required to apprise the Court of the pendency of ongoing offers and discussions.
30. For the purposes of preserving confidentiality at this time, given it is unknown if the Receiver will be discharged or will continue in this administration, the interested parties are hereafter referred to each as “**Prospect**” with a respective numerical identifier. For the benefit of the Court, a detailed Offer Summary is attached hereto, as **Confidential Appendix 1**. The Receiver is seeking a temporary Sealing Order in respect of this Confidential Appendix, which identifies each of the Prospects by name and provides further detail as to each of the pending offers.
31. Following its appointment, the Receiver was contacted by several parties that expressed an interest in all or certain of the Assets. The Receiver contacted each interested party, as well as all parties that had previously expressed an interest during the Sayer process, and provided each with an Invitation for Offers to Purchase Assets (a copy of which is attached as **Appendix C**),

a Confidentiality Agreement (a copy of which is attached as **Appendix D**) and a Purchase and Sale Agreement template (a copy of which is attached as **Appendix E**) to initiate a level playing field for any parties that expressed an interest in the Assets.

32. The Receiver established a data room to house relevant information that interested parties could access in order to conduct the necessary due diligence on the Assets (the “**Data Room**”). Once interested parties signed the Confidentiality Agreement, they were given access to the Data Room in order to conduct their due diligence on the Assets.
33. There were fourteen (14) parties that requested copies of the Confidentiality Agreement and Invitation to Purchase Assets. There were twelve (12) offers / expressions of interest, plus variations of the initial offers / expressions that were submitted to the Receiver.
34. When these offers / expressions of interest were received, the Receiver summarized them and provided all the offer detail to the Provincial Regulators for their consideration.
35. Of the twelve (12) offers, and subsequent variations of offers, two were en-bloc offers that contemplated acquiring all of the approximately 450 well licenses of Petrocapita.
36. One of the en-bloc offers was received from “**Prospect 1**”. That company expressed an interest in acquiring all of the approximately 450 licenses held by Petrocapita and sought an exclusivity period within which to conduct their due diligence. Prospect 1 was unwilling to pay any deposit to the Receiver and the Receiver was unwilling to grant exclusivity to Prospect 1 as the Receiver was concerned about its ability to close a sale. The Receiver understands that Prospect 1 was aware of the Sayer Process, but Prospect 1 did not submit an offer through the Sayer Process. Prospect 1 was given access to the Data Room.
37. The Receiver worked with Prospect 1 over a period of several weeks, but no reasonable offer materialized. Discussions ceased, and then in March, 2020, Prospect 1 contacted the Receiver again and indicated renewed interest in the Assets. While the Receiver sought clarity from Prospect 1 as to their renewed interest, there was no response from Prospect 1 until April 21, 2020 when an email was received indicating renewed interest and general terms of an en-bloc

offer. This information was formalized through a letter sent by Prospect 1's counsel that the Receiver received on Thursday, April 23, 2020 noting that the offer was open until end of day on Friday, April 24, 2020. Specifics of this offer are outlined in the Confidential Appendix.

38. The second en-bloc offer for the Assets came from "**Prospect 2**". That is the company that made an offer to purchase the Assets through the Sayer Process, which offer was at that time deemed unacceptable. Prospect 2 declined to pay a deposit to the Receiver.
39. Prospect 2 was granted access to the Data Room and conducted additional due diligence on the Assets, further to what was performed when they submitted their offer through the Sayer Process. Prospect 2 made an offer, which was lower than the price offered during the Sayer Process, but as an en-bloc offer was still attractive to the Receiver. This offer would have been preferred by the Provincial Regulators as it would have resulted in the transfer of all licenses to the purchaser, resulting in no licenses being surrendered to the Orphan Well Association (for the Alberta wells) or the Ministry of Energy and Resources for the wells in Saskatchewan.
40. During discussions with the Provincial Regulators about the en-bloc offer submitted by Prospect 2, the Receiver was advised there were outstanding environmental orders for Prospect 2 in Alberta, and the AER informed the Receiver they would not be supportive of the offer from Prospect 2. Absent the support of the AER, the Receiver would be unable to complete the proposed transaction and requisite transfer of licenses; the offer from Prospect 2 was initially not pursued.
41. In further discussions with the AER, the Receiver was advised the AER may be willing to revisit the offer of Prospect 2, notwithstanding the outstanding remediation orders for Prospect 2. Discussions were recommenced with Prospect 2; however, in early March 2020 Prospect 2 advised of their decision to no longer pursue the Assets.
42. Additional offers were received by the Receiver, including some for one to five wells. No further en-bloc offers were received. For the smaller offers, the prices received were not sufficient to cover the professional costs that would have been incurred to complete the sales.

Early in the process, the Receiver rejected these offers.

43. Offers were made by “Prospect 3” and “Prospect 4”, which are companies owned and operated by persons related to the Plaintiff. These companies signed Confidentiality Agreements and have been treated equivalently by the Receiver to all other interested parties.
44. As more fully outlined in the Confidential Appendix 1, Prospect 3 submitted an offer for certain Assets and Prospect 4 submitted an offer for certain other Assets, with no overlap between the offers. The offers submitted by Prospect 3 and Prospect 4 were presented to and discussed with the Provincial Regulators.
45. Whereas Prospect 4 had made its offer on various well licenses in Saskatchewan, that offer was subsequently withdrawn.
46. The AER and the Receiver have met with representatives of Prospect 3 over the past several months in order to allow Prospect 3 to outline its intentions with the wells being acquired and how the sale would be structured. After several discussions and meetings, the AER informed Prospect 3 that the offers would only be considered if the Liability Management Rating (“LMR”) of Prospect 3 after the transaction was above a 2.0. Given the lack of wellsite enhancement work on the two high production wells, and given that many of the other wells that were a part of the offers being presented were shut in, a deposit would have been required to be paid by Prospect 3 of more than \$15 million. Prospect 3 was not willing to fund such a deposit.
47. The AER additionally advised it had concerns with the fact that parties related to the Plaintiff were involved with Prospect 3. The Receiver’s view was that the offer presented by Prospect 3 was, aside from the en-bloc offers, which could not be completed, the best offer available in the circumstances. The Prospect 3 offer included the best price for the broadest asset package, and included a well laid-out remediation plan. The Receiver was supportive of the Prospect 3 offer, but the same would be subject to the discretion of the AER.
48. Prospect 4 continues to have interest in certain Assets and has made amended verbal and written

offers to the Receiver as recently as April 14, 2020. The specifics of these offers are summarized in Confidential Appendix 1 to this Second Report.

49. “**Prospect 5**” has submitted an offer for 5 wells. Prospect 5 did not sign a Confidentiality Agreement nor submit an offer upon the invitation of the Receiver in September, 2019; however the offer price is reasonable, in the Receiver’s view, and there is no overlap with other wells currently being considered by any other prospect. The Receiver supports the offer from Prospect 5 and understands that the Provincial Regulators are currently considering the terms of this offer.
50. “**Prospect 6**” has submitted an offer to the Receiver for 50 wells, split roughly evenly across Alberta and Saskatchewan. After the en-bloc offer from Prospect 2 was considered by the AER to be not acceptable, the Receiver held more fulsome discussions with Prospect 6 about its offer. Prospect 6 held discussions with the AER about their plans for the wells if their offer was successful and submitted a discretionary request to the AER as required for further analysis with the AER.
51. In the offer submitted by Prospect 6, there was overlap when compared with the offers of Prospect 3 and Prospect 4 in respect of the Assets being proposed to be acquired. The Receiver worked with Prospect 6 (and Prospect 3 and Prospect 4) to try to minimize overlap, reduce the overall number of wells that would be left to the provincial orphan well associations (in keeping with the Provincial Regulators’ aims) and facilitate a workable transaction.
52. Through continued discussions with Prospect 6, that company has recently amended its offer, including amending the party being the offeror, price and list of wells they are seeking to purchase. This updated information has been forwarded to the Provincial Regulators for their ongoing consideration.
53. As an additional relevant factor, Prospect 3 and Prospect 4 have advised the Receiver they hold respective rights-of-first-refusal (“**ROFR**”) on certain of the wells that Prospect 6 has offered to purchase. It is anticipated that Prospect 3 and Prospect 4 may seek to exercise their respective

ROFR's if the offer from Prospect 6 is accepted by the Receiver and Court approval of that offer is sought. The existence of the ROFR does not change the Receiver's support of the offer from Prospect 6 at this time, subject to the Provincial Regulators ongoing review of the terms of this offer.

54. The Receiver continues to have regular discussions with the Provincial Regulators about the various offers on the Assets, and particularly the very recently revived en-bloc offer from Prospect 1.
55. At this time, as discussions with sale prospects are ongoing and the viability of any transaction is in flux, the Receiver has not accepted any offers nor finalized any purchase and sale documentation. The Receiver is accordingly not in a position to make any application for approval and vesting of any assets and provides the foregoing as background for the Court in its consideration of the Plaintiff's current application for the Receiver's discharge.
56. Of course, in light of the pendency of the foregoing, the Receiver did not find it appropriate to seek its own discharge at this time.

RECEIVER'S BORROWINGS

57. The Receivership Order and the Amended Receivership Order authorized the Receiver to borrow up to \$500,000 in funds for the purpose of funding the exercise of the powers and duties conferred upon the Receiver, including interim expenditures. To date the Receiver has not borrowed any funds during the Receivership.
58. If the receivership continues, based on current commodity prices, the Receiver may need to borrow funds to meet expenses, but at this time the amount is unknown.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

59. The actual receipts and disbursements of the Receiver up to and including April 23, 2020 are summarized in the Receiver's Statement of Receipts and Disbursements ("SRD") attached as

Appendix F to this Second Report.

60. At this point, the remaining unpaid disbursements (the “**Remaining Unpaid Disbursements**”) are unknown. This will include ongoing operational costs incurred up to the date of hearing (and discharge, if applicable) and professional fees to attend to this application and (if applicable) close out the matter.
61. While some of the remaining expenses to April 23, 2020 and up to the date of the Plaintiff’s application are unknown, it is unknown if there will be sufficient funds in the Receiver’s trust account to cover the costs of administration of the receivership estate to that date.
62. The Receiver is actively working to obtain any outstanding invoices for operational expenses incurred during the receivership and to the extent possible, these costs will be paid from the Receiver’s trust account, which has a balance of approximately \$211,326 as of the date of this Second Report.
63. It is noted that, from earlier discussions with representatives of the AER, the Receiver understands the AER’s position is that any positive cash balance remaining at the end of the receivership should be paid to the Provincial Regulators. The Receiver has not looked into the legal basis for this position. Currently, the position of Petrocapita Oil and Gas in this regard is unknown by the Receiver.
64. Should the Receiver be discharged at this time, it is anticipated there will be no distributions to secured or unsecured creditors.

PROFESSIONAL FEES

65. Professional fees and disbursements charged by the Receiver in relation to the administration of the receivership up to February 29, 2020 totals approximately \$273,360 (excluding GST). This amount includes the fees and disbursements of the Receiver’s legal counsel. This has been an active, multi-provincial, operating receivership with extended attempts to complete a transaction. The fee amounts are summarized in the SRD. The Receiver’s counsel will make

detailed copies of the accounts of the Receiver and those of its counsel available, should this Honourable Court wish to inspect such accounts.

66. In the opinion of the Receiver, the services rendered in respect of these fees and disbursements have been duly rendered in response to the required and necessary duties of the Receiver and are reasonable in the circumstances. The Receiver has reviewed the periodic accounts of its legal counsel and believes those accounts were duly rendered, reasonable and reflect the work requested by the Receiver in furtherance of the receivership.
67. The Receiver respectfully requests approval to date of the Receiver's activities, fees and costs, and those of its legal counsel, all as are detailed in its Reports to the Court.

SEALING ORDER - CONFIDENTIAL APPENDIX

68. It is the Receiver's view that the information contained in the Confidential Appendix to this Report is sensitive in nature and should be sealed and kept confidential.
69. The Receiver's position in this regard stems primarily from its concern that there may be continued efforts to re-market the Assets, and such efforts could be impaired by disclosure of the sensitive information regarding the transactions pursued by the Receiver to date, including but not limited to values ascribed to certain assets.
70. Given the concern above, the Receiver has prepared a Confidential Appendix to this Report, which includes information in relation to the sales efforts to date. The Confidential Appendix shall be provided to the Court, unfiled, subject to the Receiver's request to seal the document. Stakeholders wishing to review the Confidential Appendix are invited to contact the Receiver, who can make arrangements with such stakeholders where appropriate and subject to a confidentiality undertaking deemed acceptable to the Receiver.
71. The Receiver recognizes that it is customary for sealing orders protecting information regarding contemplated sales to provide that the effect of the order will end and the information will be

made public upon the occurrence some triggering event, such as the completion of the contemplated transaction or the discharge of the Receiver, while also permitting interested parties to bring applications to have the materials put on the public record prior to the triggering event. If Safeway's application is unsuccessful, the Receiver will continue to market the Assets, and in such circumstances would propose the triggering event for the unsealing of the Confidential Appendix be the Receiver's eventual discharge, or application of an interested party. If Safeway's application is successful, the Receiver will be discharged, but it is possible that the Assets will nevertheless continue to be marketed by another party. As such, if Safeway's application is successful, the Receiver proposes that the sealing order apply to the Confidential Appendix until the earlier of the May 1, 2022, or an interested party bringing an application to make the Confidential Appendix public. The Receiver is of the view that the passage of two years reflects the conventional period for which a typical non-disclosure arrangement would continue, and in any case will sufficiently minimize the risk of disclosure of the commercially sensitive information contained in the Confidential Appendix.

APPROVAL SOUGHT

72. The purpose of this Second Report is to advise the Court of the Receiver's actions to date and the pendency of the discussions regarding the sale of Assets in this estate. The Receiver takes no position in direct response to the Plaintiff's application for discharge, other than to say this application is made in the midst of pending offers, made as recently as this week.
73. If this Honourable Court does grant the Plaintiff its application to discharge the Receiver, the Receiver proposes that it would complete any final administrative requirements in the receivership, pay it and its legal counsel's final invoices for work completed after March 1, 2020, pay from operating funds on hand any necessary estate payables arising from the administration, transfer all funds remaining in the Receiver's accounts (if any) to Petrocapita Oil and Gas (which would resume possession and control of its Assets), and then file a

Receiver's Certificate certifying the foregoing has been completed and confirming the Receiver is discharged.

74. The Receiver would seek a form of discharge order in keeping with the Provincial template, including the standard approvals and releases that are normally included therein.
75. If this Honourable Court does not grant the Plaintiff its application to discharge the Receiver, the Receiver will continue its mandate to realize on the assets of Petrocapita in the normal course.
76. In view of the foregoing information outlined in this Second Report, the Receiver respectfully seeks the following:
 - a. a sealing order in respect of Confidential Appendix 1;
 - b. approval of the reported actions of the Receiver to date in respect of administering these receivership proceedings and suggested process, in the event the Receiver is discharged;
 - c. approval of the Receiver's professional fees and expenses and the fees and expenses of its legal counsel to date; and
 - d. such ancillary relief as this Honourable Court may deem just and appropriate.

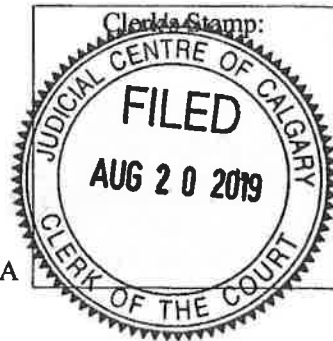
HUDSON & COMPANY INSOLVENCY TRUSTEES INC.

In its capacity as Court-Appointed Receiver and Manager of
Petrocapita Oil and Gas LP, Petrocapita G.P. I Ltd.,
Petrocapita Processing LP and Petrocapita G.P. II Ltd.
and not in its personal capacity



Stefan DuChene, CPA, CA, CIRP
Senior Vice-President

Appendix A



COURT FILE NUMBER 1901 - 07098
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF SAFEWAY HOLDINGS (ALBERTA) LTD.
DEFENDANT(S) PETROCAPITA OIL AND GAS L.P., PETROCAPITA G.P. I LTD.,
PETROCAPITA PROCESSING L.P., AND PETROCAPITA GP II LTD.
DOCUMENT AMENDED CONSENT RECEIVERSHIP ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
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File No. 54227-2

I hereby certify this to be a true copy of the original Amended order

Dated this 20 day of Aug. 2019

for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED:

June 11, 2019, as amended August 19, 2019

NAME OF JUDGE WHO MADE THIS ORDER:

The Honourable Justice J.T. Eamon (amended order pronounced by the Honourable Justice Hollins)

LOCATION OF HEARING:

Calgary Courts Centre

RECEIVERSHIP ORDER

UPON the application of Safeway Holdings (Alberta) Ltd. ("Safeway") in respect of Petrocapita Oil and Gas L.P., Petrocapita G.P. I Ltd., Petrocapita Processing L.P. and Petrocapita GP II Ltd. (collectively the "Debtor"); AND UPON having read the Application, the Affidavit of William Kujat dated, May 27, 2019; and the Affidavit of Service of Una Pirija, filed June 7, 2019; AND UPON reading the consent of Hudson & Company Insolvency Trustees Inc. to act as receiver and manager (the "Receiver") of the Debtor, filed; AND UPON hearing counsel for Safeway;

AND UPON the application of the Receiver to amend this Order, AND UPON having read the Application the Receiver filed August 12, 2019, the First Report of the Receiver dated August 12, 2019, the Affidavit of Service of Izzy Kowalcze sworn August 19, 2019, the Affidavit of Richard Mellis and Greg Marr sworn August 12, 2019, and other materials filed in this matter, AND UPON hearing counsel for Safeway, counsel for the Receiver and any other parties present; IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of application for this order is hereby abridged and service thereof is deemed good and sufficient.

APPOINTMENT

2. Pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 ("BIA"), and sections 13(2) of the *Judicature Act*, R.S.A. 2000, c.J-2, 99(a) of the *Business Corporations Act*, R.S.A. 2000, c.B-9, and 65(7) of the *Personal Property Security Act*, R.S.A. 2000, c.P-7 Hudson & Company Insolvency Trustees Inc. is hereby appointed Receiver, without security, of all of the Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property, which shall include the Receiver's ability to abandon, dispose of or otherwise release any interest in any of the Debtor's real property, or any right in any immovable, and any license or authorization issued by the Alberta Energy Regulator, or any other similar government authority, in respect of such interest in real property or immovable, including pursuant to section

14.06(4) of the BIA, notwithstanding the provisions of the *Oil and Gas Conservation Act*, RSA 2000, c O-6 the *Pipeline Act*, RSA 2000, or any other similar provincial legislation¹;

- (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to or by the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby

¹ On January 31, 2019, the Supreme Court of Canada released its decision in *Orphan Well Association v. Grant Thornton Limited* (2019 SCC 50) relating to the effect of disclaimer by receivers and trustees of real property. The impact of this decision on the template receivership order is currently under consideration.

conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court.

- (k) to market any or all the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate.
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$500,000 provided that the aggregate consideration for all such transactions does not exceed \$1,500,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case notice under subsection 60(8) of the *Personal Property Security Act*, R.S.A. 2000, c. P-7 or any similar legislation in any other province or territory shall not be required.

- (m) to apply for any vesting order or other orders (including without limitation, confidentiality or sealing orders) necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other orders in respect of the Property against title to any of the Property, and when submitted by the Receiver for registration this Order shall be immediately registered by the Registrar of Land Titles of Alberta, or any other similar government authority, notwithstanding Section 191 of the Land Titles Act, RSA 2000, c.

L-4, or the provisions of any other similar legislation in any other province or territory, and notwithstanding that the appeal period in respect of this Order has not elapsed and the Registrar of Land Titles shall accept all Affidavits of Corporate Signing Authority submitted by the Receiver in its capacity as Receiver of the Debtor and not in its personal capacity;

- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to assign the Debtor into bankruptcy;
- (s) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (t) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person (as defined below).

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. (i) The Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request.

5. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.

6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall: (i) prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph 8; and (ii) affect a Regulatory Body's investigation in respect of the debtor or an action, suit or proceeding that is taken in respect of the debtor by or before the Regulatory Body, other than the enforcement of a payment order by the Regulatory Body or the Court. "**Regulatory Body**" means a person or body that has powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a Province.

NO EXERCISE OF RIGHTS OF REMEDIES

9. All rights and remedies of any Person, whether judicial or extra-judicial, statutory or non-statutory (including, without limitation, set-off rights) against or in respect of the Debtor or the Receiver or affecting the Property are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, including, without limitation, any rights or remedies or provisions in any agreement, construction, ownership, and operating agreement, joint venture agreement or any such similar agreement or agreements to which the Debtor is a party that purport to effect or cause a cessation of operatorship as a result of the occurrence of any default or non-performance by or the insolvency of the Debtor, the making or filing of these proceedings or any allegation, admission or evidence in these proceedings and under no circumstances shall the Debtor be replaced as operator pursuant to any such agreements without further order of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" (as defined in the BIA), and further provided that nothing in this Order shall (i) empower the Receiver or the Debtor to carry on any business that the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

10. No Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, except with the written consent of the Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an eligible financial contract from closing out and terminating such contract in accordance with its terms.

CONTINUATION OF SERVICES

11. All Persons having statutory or regulatory mandates for the supply of goods and/or services or having oral or written agreements or arrangements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Receiver or exercising any other remedy provided under such agreements or arrangements, and this Court directs that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

13. Subject to employees' rights to terminate their employment, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, S.C. 2005, c.47 ("WEPPA").
14. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
 - (i) before the Receiver's appointment; or
 - (ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
- (b) Nothing in sub-paragraph (a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.

- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Receiver:
- A. complies with the order, or
- B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
- (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,
- A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or
- B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- (iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

LIMITATION ON THE RECEIVER'S LIABILITY

16. Except for gross negligence or wilful misconduct, as a result of its appointment or carrying out the provisions of this Order the Receiver shall incur no liability or obligation that exceeds an amount for which it may obtain full indemnity from the Property. Nothing in this Order shall derogate from any limitation on liability or other protection afforded to the Receiver under any applicable law, including, without limitation, Section 14.06, 81.4(5) or 81.6(3) of the BIA.

RECEIVER'S ACCOUNTS

17. The Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case, incurred at their standard rates and charges. The Receiver and counsel to the Receiver shall be entitled to the benefits of and are hereby granted a charge (the "**Receiver's Charge**") on the Property, which shall not exceed the amount of \$500,000, as security for such fees and disbursements, incurred both before and after the making of this Order in respect of these proceedings, and the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subject to section 14.06(7), 81.4(4) and 81.6(2) and 88 of the BIA.
18. The Receiver and its legal counsel shall pass their accounts from time to time.
19. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

20. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$500,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges set out in sections 14.06(7), 81.4(4) and 81.6(2) and 88 of the BIA.
21. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

22. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.
23. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.
24. The Receiver shall be allowed to repay any amounts borrowed by way of Receiver's Certificates out of the Property or any proceeds, including any proceeds from the sale of any assets without further approval of this Court.

ALLOCATION

25. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

26. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
27. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Receiver will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Receiver's reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.
28. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.
29. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be

necessary or desirable to give effect to this Order, to grant representative status to the Receiver in any foreign proceeding, or to assist the Receiver and its agents in carrying out the terms of this Order.

30. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
31. The Plaintiff and Petrocapita Income Trust shall have their costs of this application, up to and including entry and service of this Order, and in these proceedings generally, as provided for by the terms of their respective security or, if not so provided by their respective security, then on a substantial indemnity basis, including legal costs on a solicitor-client full indemnity basis, to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.
32. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.


FILING

33. The Receiver shall establish and maintain a website in respect of these proceedings (the "Receiver's Website") and shall post there as soon as practicable:
 - (a) all materials prescribed by statute or regulation to be made publically available; and
 - (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.
34. Service of this Order shall be deemed good and sufficient by:
 - (a) serving the same on:
 - (i) the persons listed on the service list created in these proceedings or otherwise served with notice of these proceedings;

- (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order; and
- (b) posting a copy of this Order on the Receiver's Website

and service on any other person is hereby dispensed with.

Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.


Justice Hollins

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Hudson & Company Insolvency Trustees Inc., the interim receiver and receiver and manager (the "Receiver") of all of the assets, undertakings and properties of Petrocapita Oil and Gas L.P., Petrocapita G.P.I Ltd., Petrocapita Processing L.P., and Petrocapita GP II Ltd. appointed by Order of the Court of Queen's Bench of Alberta and Court of Queen's Bench of Alberta in Bankruptcy and Insolvency (collectively, the "Court") dated the ____ day of _____, 2019 (the "Order") made in action number _____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly not in advance on the ____ day of each month] after the date hereof at a notional rate per annum equal to the rate of ____ per cent above the prime commercial lending rate of Bank of _____ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at [●].
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property) as authorized by the Order and as authorized by any further or other order of the Court.
7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

Hudson & Company Insolvency Trustees Inc., solely in its capacity as Receiver of the Property (as defined in the Order), and not in its personal capacity

Per: _____
Name:
Title:

Appendix B

First Interim Report of the Receiver
(Subsection 246(2) of the *Bankruptcy and Insolvency Act*)

**In the Matter of the Receivership of
Petrocapita Oil and Gas LP, Petrocapita G.P. I Ltd.,
Petrocapita Processing L.P. and Petrocapita G.P. II Ltd.**

INTRODUCTION

Pursuant to an Order (the “**Receivership Order**”) granted by the Court of Queen’s Bench of Alberta (the “**Court**”) on June 11, 2019, Hudson & Company Insolvency Trustees Inc. was appointed as receiver and manager (the “**Receiver**”) of Petrocapita Oil and Gas L.P. and Petrocapita G.P. I Ltd. By order dated August 19, 2019, the Receiver Order was amended to include two additional entities (the “**Amended Receivership Order**”), namely Petrocapita Processing L.P. and Petrocapita G.P. II Ltd. and collectively, these four entities are hereinafter referred to as **Petrocapita** or the **Company**.

A copy of the Receivership Order as well as the Amended Receivership Order, as well as further information with respect to the receivership can be found on our website at www.bankruptcycalgary.com/corporate-files.

ASSETS

The Receiver took possession and control of the Petrocapita Oil and Gas assets on June 12, 2019.

In our report dated August 12, 2019, a copy of which can be found on the above noted website, as Receiver we outlined the steps taken during the first few weeks of the receivership.

Since that time, the Receiver has been actively marketing the Company’s assets for sale and has been in ongoing discussions and negotiations with several companies that have expressed an interest in all or a portion of the Company’s assets. In addition, the Receiver has held several discussions with the regulatory authorities in both Alberta and Saskatchewan, as they would ultimately need to consider and approve any corresponding license transfer.

The Receiver has also continued to operate the 12 wells that were producing at the start of the receivership, and has recently taken steps to maintain both the producing and non-producing

locations through the winter months.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

A Statement of Receipts and Disbursements for the period ending December 10, 2019 is attached as Appendix A.

NEXT STEPS

The Receiver will continue to operate Petrocapita and will work towards the completion of a sale of the assets.

HUDSON & COMPANY INSOLVENCY TRUSTEES INC.

In its capacity as Court-Appointed Receiver and Manager of Petrocapita Oil and Gas LP, Petrocapita G.P. I Ltd, Petrocapita Processing LP and Petrocapita G.P. II Ltd. and not in its personal capacity



Stefan DuChene, CPA, CA, CIRP
Senior Vice-President

**IN THE MATTER OF THE RECEIVERSHIP OF
 PETROCAPITA OIL AND GAS L.P., et al.
 Hudson & Company Insolvency Trustees Inc., Receiver
 Statement of Receipts and Disbursements
 For the period of June 11, 2019 to December 10, 2019**

RECEIPTS

Totals

Operating receipts - sale of oil and related products	\$ 1,071,753.38
Net of joint-interest-billings	<u>30,509.26</u>
Net oil sale receipts	1,041,244.12
Accounts receivable	312,118.21
GST collected	69,074.94
Fund on hand at date of receivership	50,602.84
GST refund	36,758.39

TOTAL RECEIPTS

\$ 1,509,798.50

DISBURSEMENTS

Outside consulting - staffing	272,060.23
Operating expenses (well maintenance, supplies, etc.)	203,756.60
Other disbursements incl. royalties, GORR's, surface rentals, etc.	151,976.60
Transport and trucking costs	92,566.08
Receiver's fees and costs to July 31, 2019	79,699.00
Legal fees and costs to September 30, 2019	68,785.73
Insurance	39,972.00
Occupation rent	33,154.50
GST remitted to CRA	32,953.56
GST paid on disbursements	30,186.10
GST on Receiver's fees and costs	3,984.96
GST on legal fees and costs	3,435.90
Other administrative costs	3,421.05
PST paid on disbursements	2,740.21

TOTAL DISBURSEMENTS

\$ 1,018,692.52

**Excess of Receipts over Disbursements/
 Remaining Funds on Hand**

\$ 491,105.98

Appendix C



HUDSON & COMPANY
INSOLVENCY TRUSTEES INC.
Licensed Insolvency Trustees

**Invitation for Offers to Purchase Assets
(the "Invitation")**

Introduction

Pursuant to an Order of the Court of Queen's Bench of Alberta (the "**Court**") granted June 11, 2019, and amended August 19, 2019 (as amended, the "**Receivership Order**"), Hudson & Company Insolvency Trustees Inc. was appointed as receiver and manager (the "**Receiver**") of the assets, properties, and undertakings of Petrocapita Oil and Gas L.P., Petrocapita G.P. I Ltd., Petrocapita Processing L.P., and Petrocapita GP II Ltd. (collectively "**Petrocapita**").

The Receiver is inviting offers (each an "**Offer**") for the purchase of the assets of Petrocapita (the "**Assets**").

If any Offer is accepted by the Receiver, the Receiver's acceptance is subject to and conditional on the Court approving the acceptance of the Offer, this sales process, the ability of the Receiver to sell the Assets, and the activities of the Receiver, all on terms that are acceptable to the Receiver ("**Court Approval**").

The information herein is subject to change and has not been audited or verified by the Receiver and the Receiver expressly disclaims liability for any loss or damage that may arise from use of this information.

Terms and Condition

1. The Receiver is inviting Offers for the Assets solely in its capacity as Receiver and shall have no personal liability in respect of this sales process or in respect of the sale of the Assets.
2. If any Offer is accepted by the Receiver, the Receiver's acceptance is subject to and conditional upon the Receiver obtaining Court Approval.
3. Interested parties will be permitted access to a data room upon execution of a confidentiality and non-disclosure agreement satisfactory to the Receiver.
4. Any documentation or other material provided to any party relating to the Assets which is the subject matter of this Invitation, including without limitation any materials in the data room, has been provided solely for the convenience of interested parties and is not warranted to be complete or accurate.
5. The Assets are being sold on an "**as is, where is**" basis. No representation or warranty, express or implied is given with respect to the title, size, description, fitness for purpose or intended use, quantity, number, condition, quality or location of any of the Assets, or in respect of any other matter or thing. Any party making an Offer ("**Offeror**") shall be deemed to have relied entirely upon their own due diligence.
6. Offers should be made substantially in the form attached hereto as Schedule "A", and Offerors shall provide a comparison showing any differences between their executed Offer and the form attached hereto as Schedule "A".

7. The Receiver reserves the right to reject any Offer, in its sole discretion, for any reason.
8. Offers must be received by the Receiver no later than 5:00 p.m. (local Calgary time) on September 13, 2019 (the "Offer Deadline") at the Receiver's office: 625 11 Ave SW Suite 200, Calgary, Alberta T2R 0E1 Attn: Stefan DuChene.
9. All Offers are irrevocable and cannot be withdrawn or amended prior to the earlier of: (i) the Receiver notifying the Offeror that their Offer has been accepted subject to Court Approval or rejected; or (ii) September 27, 2019.
10. Offers shall be accompanied by a deposit equal to 10% of the Offer price (the "Deposit"), payable to Hudson & Company Insolvency Trustees Inc., in trust. The Deposit is non-refundable, subject to the terms of this Invitation.
11. If an Offer is accepted by the Receiver and obtains Court Approval, the Deposit will be applied to the purchase price of the Assets on closing.
12. The Receiver will return any Deposit within ten (10) business days of the related Offer being rejected by the Receiver or failing to obtain approval of the Court (after all applicable appeals).
13. Offerors are not entitled to interest on their Deposit.
14. If an Offer is withdrawn prior to the Receiver notifying the Offeror that their Offer is rejected or accepted, or if the Offeror fails to close the purchase on the terms set out in their Offer, the Deposit shall be immediately and irrevocably forfeited to the Receiver, without recourse or relief from forfeiture.
15. The Receiver may, in its sole discretion:
 - (a) negotiate the terms of an Offer with one or more Offerors;
 - (b) waive or vary any of the terms and conditions of this Invitation; or
 - (c) withdraw this Invitation.
16. The highest or any Offer may not necessarily be accepted.
17. All conditions in the *Sale of Goods Act* (Alberta), RSA 2000, c S-2, *Sale of Goods Act*, RSS 1978 c S-1, and any similar legislation are expressly waived with respect to the Assets by any party making an Offer.
18. The Receiver will notify any successful Offeror, in writing, by September 20, 2019, whereupon the Receiver will seek Court Approval as soon as practicable thereafter.
19. In submitting any Offer, the Offeror consents to allowing the Receiver to disclose the name of the Offeror to the respective regulators in Alberta and Saskatchewan.

Appendix D

CONFIDENTIALITY AGREEMENT

This Agreement made on the ___ day of September, 2019

BETWEEN:

HUDSON & COMPANY INSOLVENCY TRUSTEES INC., solely in its capacity as
Court-appointed receiver and manager of the assets,
undertakings and properties of Petrocapita Oil and Gas L.P., Petrocapita G.P. I Ltd., Petrocapita
Processing L.P., and Petrocapita GP II Ltd. (collectively, "**Petrocapita**"), and not in its personal capacity
(the "**Receiver**")

- and -

_____ (the "**Recipient**")

WHEREAS the Receiver is marketing for sale all or substantially all of the undertakings, property and assets of Petrocapita pursuant to an Order of the Court of Queen's Bench of Alberta granted June 11, 2019 and amended on August 19, 2019 (as amended, the "**Receivership Order**");

AND WHEREAS the Receiver will grant the Recipient access to the Confidential Information on the terms set out herein;

NOW THEREFORE in consideration of the foregoing recitals, the provision of the Confidential Information by the Receiver or otherwise, and other good and valuable consideration (the receipt and sufficiency of which are acknowledged by the Recipient), the Recipient covenants and agrees with the Receiver as follows:

1. In this Agreement:

"**Affiliate**" has the meaning attributed to it in the *Business Corporations Act* (Alberta);

"**Agreement**" means this agreement, as may be amended from time to time;

"**Confidential Information**" means all data, records, reports, studies, projections, knowledge, patents, theories, information (financial, corporate, business or otherwise), intellectual property, designs, drawings, coding, plans, opportunities, prototypes, specifications, manuals, photographs, software, hardware, equipment, printouts, reports, market research, business plans, customer lists, supply sources, engineering, trade secrets, information relating to existing and potential financiers and investors, trade lists, processes, techniques, ideas, improvements, innovations, know-how, research and development, calculations, opinions, documents and other information, whether written or oral, and whether or not noted thereon to be confidential, pertaining to the assets, undertakings, businesses, liabilities, products, customers, technology, subsidiaries, affiliates, activities or affairs of Petrocapita, which have been or which may hereafter be disclosed or provided to the Recipient or any of its Representatives, regardless of the manner in which it is furnished or obtained by the Recipient or any of its Representatives and regardless of when it was provided to the Recipient or any of its Representatives, but does not include information that:

- (i) is already published or otherwise readily available to the public, other than by a breach of this Agreement;

- (ii) is rightfully received by the Recipient from a third party, except Petrocapita, not in breach of any obligation of confidentiality;
- (iii) is to be known by the Recipient on a non-confidential basis prior to disclosure hereunder;
- (iv) is independently created by the Recipient not relying on the Confidential Information; or
- (v) is provided in compliance with applicable law or court order pursuant to the provisions of paragraph 6;

"Persons" includes all natural and artificial bodies, including without limitation individuals, corporations, partnerships, associations, trusts, societies, unincorporated organizations, joint ventures, governmental organizations and commissions; and

"Representatives" means, in respect of any Person, such Person, such Person's Affiliates, its and their respective directors, officers, employees, agents, advisors (including, without limitation, financial advisors and legal counsel), prospective banks or other institutional lenders, and the directors, officers and employees of any such agents, advisors and lenders, in each case who reasonably needs to receive Confidential Information in order evaluate or discuss the potential acquisition by the Recipient of some or all of the undertakings, property and assets of Petrocapita.

2. The Recipient has reviewed and understands the terms of this Agreement, agrees to comply with its terms, and agrees to receive and use the Confidential Information on a confidential basis in strict compliance with the terms of this Agreement. The Recipient will protect the Receiver's interest in the Confidential Information and keep it confidential. The Recipient will exercise the same degree of care and diligence regarding the confidentiality of the Confidential Information as it would in preserving the confidentiality of its own confidential information and in any event will not exercise a degree of care and diligence less than that of a reasonable and prudent person seeking to preserve the integrity and confidentiality of the Confidential Information.
3. The Receiver or Petrocapita may provide Confidential Information, or a portion thereof, to the Recipient pursuant to and in accordance with the terms of this Agreement, at its sole and unfettered discretion.
4. The Recipient shall only use Confidential Information for the sole and exclusive purpose of assessing a potential acquisition by the Recipient of some or all of the undertakings, property and assets of Petrocapita from the Receiver, pursuant to and in keeping with the terms of this Agreement.
5. All right, title and interest in and to the Confidential Information will remain the exclusive property of the Receiver. No interest, license or any right respecting the Confidential Information, other than as may be expressly set out herein, is granted to the Recipient under this Agreement by implication or otherwise. Except as otherwise specified herein, the Recipient will not directly or indirectly disclose, allow access to, transmit or transfer any Confidential Information to a third party without the Receiver's express prior written consent. The Recipient may disclose the Confidential Information to its Representatives, in which case the Recipient will:
 - (a) prior to disclosing Confidential Information to any such Representative, issue appropriate instructions to such Representative to satisfy its obligations herein and obtain the Representative's agreement to receive and use the Confidential Information on a confidential basis on the same conditions as contained in this Agreement and to otherwise comply with the terms hereof; and

- (b) be responsible for any and all breaches of the terms of this Agreement by it and its Representatives.
6. If the Recipient or any of its Representatives is requested pursuant to, or required by, applicable law or legal process to disclose any Confidential Information, the existence of this Agreement or any of the terms hereof, the Recipient shall provide the Receiver with prompt notice of such request or requirement in order to enable the Receiver to seek an appropriate protective order or other remedy or to waive compliance with the terms of this Agreement or both. The Recipient will not, and will use best efforts to ensure its Representatives will not, oppose any action by the Receiver to seek such a protective order or other remedy. If, failing the obtaining of a protective order or other remedy by the Receiver, such disclosure is required, the Recipient will use its best efforts to ensure that the disclosure will be afforded confidential treatment to the maximum extent possible.
 7. The Recipient recognizes that a breach or threatened breach by the Recipient of any of its obligations under this Agreement may result in damages to Petrocapita or Receiver, and that such damages may not adequately be compensated by monetary award and, accordingly, the Recipient agrees that if a breach occurs the Recipient will immediately notify the Receiver in writing and, in addition to all other remedies available to the Company or Receiver at law or in equity, the Receiver will be entitled, as a matter of right (and without having to show or prove any actual damages), to apply to a Court of competent jurisdiction for relief by way of restraining order, injunction, decree or otherwise, as may be appropriate, to ensure compliance with the provisions of this Agreement.
 8. The Confidential Information will not be copied, reproduced in any form or stored in a retrieval system or data base by the Recipient without the express prior written consent of the Receiver. The Recipient shall, within three (3) days of a written request being made by the Receiver, destroy or return promptly to the Receiver all documentation, records, materials and tangible manifestations of the Confidential Information within its possession or control, including in written or electronic form, without retaining any copy thereof. The return or destruction of Confidential Information shall not release the Recipient and its Representatives from any confidentiality obligations provided hereunder.
 9. This Agreement does not constitute any representation, warranty or guarantee with respect to the accuracy, fitness for any purpose or completeness of any Confidential Information and the Recipient will not be entitled to rely on the accuracy, fitness for any purpose or completeness of the Confidential Information. Neither the Receiver nor its Representatives will be held liable for any errors or omissions in the Confidential Information or the use or the results of the use of the Confidential Information.
 10. The Recipient acknowledges and agrees that neither the Receiver nor any of its Representatives will be under any legal obligation or have any liability to the Recipient of any nature whatsoever with respect to this Agreement, nor can or shall the Receiver or its Representatives be compelled to provide to the Recipient any Confidential Information of any kind.
 11. The Recipient will maintain and, upon request by the Receiver, promptly provide the Receiver a list containing the full name, title, location and function of each of its Representatives having access to the Confidential Information.
 12. The Recipient will indemnify and save harmless the Receiver and its Representatives from and against all losses, damages, expenses, liabilities, claims and demands of whatever nature or kind including all legal fees and costs on a solicitor and client basis resulting from any breach of this Agreement by the Recipient or any of the Recipient's Representatives.

13. The Recipient acknowledges the confidential nature and value of the Confidential Information and hereby agrees to abide by those duties and obligations that may arise on the part of the Receiver, in any manner, relating to the communication of Confidential Information to third parties.
14. If any provision of this Agreement is held to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.
15. No failure or delay by the Receiver in exercising any right, power or privilege under this Agreement or otherwise will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or otherwise.
16. This Agreement constitutes the entire agreement between the Receiver and the Recipient with respect to the subject matter herein. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the and the Recipient other than as expressly set forth in this Agreement. For certainty, this Agreement does not cancel or replace any prior confidentiality agreement made between Petrocapita and the Recipient, but, to the extent of any conflict between any such prior confidentiality agreement and this Agreement, the terms of this Agreement will prevail. In the event Confidential Information is provided to the Recipient by way of electronic data room or other similar format wherein the Recipient must first execute or agree to terms of use or service, the provisions of this Agreement will prevail over such terms to the extent there arises any conflict.
17. This Agreement will enure to the benefit of and be binding upon the respective successors and assigns of the parties, provided that this Agreement may not be assigned by the Recipient.
18. Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and will be given by personal delivery or by electronic means of communication addressed to the recipient thereof as follows:

(a) to the Receiver:

Hudson & Company Insolvency Trustees Inc.
200, 625 – 11 Avenue SW
Calgary, AB T2R 0E1

Attention: Stefan DuChene
E-mail: sduchene@hudsoninc.ca

(b) to the Recipient:

Attention: _____
E-mail: _____

or to such other address, individual or electronic communication number/address as may be designated by notice given in writing by either party to the other. Any demand, notice or other

communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by electronic facsimile/mail, on the day of transmittal thereof if given during the normal business hours of the recipient and on the day during which such normal business hours next occur if not given during such hours on any day.

19. The Recipient agrees that monetary damages would not alone be sufficient to remedy any breach by the Recipient or the Recipient's Representatives of any term or provision of this Agreement and that the Receiver will also be entitled to apply for equitable relief, including injunction and specific performance, in the event of any breach hereof and in addition to any other remedy available pursuant to this Agreement or at law or in equity. The Recipient further waives any requirement for the deposit of security or posting of any bond in connection with any equitable remedy.
20. This Agreement is governed by and will be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.
21. For the purpose of all legal proceedings, this Agreement will be deemed to have been performed in the Province of Alberta, and the Court of Queen's Bench of Alberta, Judicial District of Calgary, will have jurisdiction to entertain any action arising under this Agreement.
22. The parties may execute this agreement in counterpart and deliver it to the other by electronic transmission and, when all counterparts are taken together it shall constitute a single agreement, binding on all parties hereto.

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto as of the date set out above.

**HUDSON & COMPANY INSOLVENCY TRUSTEES
INC.**, solely in its capacity as
Court-appointed receiver and manager of the assets,
undertakings and properties of Petrocapita Oil and
Gas L.P., Petrocapita G.P. I Ltd., Petrocapita
Processing L.P., and Petrocapita GP II Ltd., and not
in its personal capacity

Per: _____
Name:
Title:

[INSERT FULL NAME]

Per: _____
Name:
Title:
I have authority to bind the corporation.

Appendix E

ASSET PURCHASE AGREEMENT

_____ AREA, ALBERTA/SASKATCHEWAN

BETWEEN:

HUDSON AND COMPANY INSOLVENCY TRUSTEES INC., in its capacity as court-appointed receiver and manager of **PETROCAPITA OIL AND GAS L.P.**, **PETROCAPITA G.P. I LTD.**, **PETROCAPITA PROCESSING L.P.** and **PETROCAPITA G.P. II LTD.**, and not in its personal or corporate capacity

- AND -

[PURCHASER]

Dated as of _____, 2019

Table of Contents

	Page
Article 1 DEFINITIONS AND INTERPRETATION.....	2
1.1 Definitions.....	2
1.2 Interpretation.....	11
1.3 Schedules.....	11
1.4 Interpretation If Closing Does Not Occur.....	12
Article 2 PURCHASE AND SALE.....	12
2.1 Purchase and Sale.....	12
2.2 Transfer of Assets.....	12
2.3 Excluded Liabilities.....	12
2.4 Whitemap Area.....	12
Article 3 PURCHASE PRICE AND PAYMENT.....	13
3.1 Purchase Price.....	13
3.2 Allocation of the Purchase Price.....	13
3.3 Deposit.....	13
3.4 Closing Payment.....	14
3.5 Taxes and Fees.....	14
Article 4 CLOSING.....	15
4.1 Closing.....	15
Article 5 ADJUSTMENTS.....	15
5.1 Costs and Revenues to be Apportioned On Closing.....	15
5.2 Statement of Adjustments.....	17
Article 6 INTERIM PROVISIONS.....	18
6.1 Assets to be Maintained.....	18
6.2 Following Closing.....	18
Article 7 ACCESS TO INFORMATION AND RECORDS.....	19
7.1 Technical and Operating Information.....	19
7.2 No Right to Reduction in Purchase Price.....	19
7.3 Access to Records.....	19
Article 8 CONSENTS.....	19
8.1 Consents.....	19
Article 9 CONDITIONS PRECEDENT TO CLOSING.....	20
9.1 Vendor's Closing Conditions.....	20
9.2 Purchaser's Closing Conditions.....	20
9.3 Parties to Exercise Diligence and Good Faith with respect to Conditions.....	21

Article 10 REPRESENTATIONS AND WARRANTIES	21
10.1 Vendor's Representations and Warranties	21
10.2 No Additional Representations and Warranties by the Vendor	22
10.3 Purchaser's Representations and Warranties	23
10.4 As Is-Where Is	25
Article 11 CLOSING DELIVERIES.....	26
11.1 Vendor Closing Deliveries.....	26
11.2 Purchaser's Closing Deliveries.....	26
11.3 Deliveries.....	26
Article 12 CONVEYANCES AND TRANSFER.....	27
12.1 Conveyances	27
12.2 License and Authorization Transfers	27
Article 13 LIABILITIES AND INDEMNITIES	28
13.1 Purchaser's Indemnity	28
13.2 Future Obligations.....	28
13.3 Environmental Indemnity.....	28
13.4 No Merger.....	29
13.5 Access Indemnity.....	29
13.6 Holding of Indemnities	29
Article 14 TERMINATION	30
14.1 Grounds for Termination	30
14.2 Effect of Termination.....	30
Article 15 CONFIDENTIALITY, PUBLIC ANNOUNCEMENTS AND SIGNS.....	30
15.1 Confidentiality	30
15.2 Public Announcements	30
15.3 Signs.....	31
Article 16 GOVERNING LAW AND DISPUTE RESOLUTION	31
16.1 Governing Law.....	31
16.2 Resolution of Disputes	31
Article 17 NOTICES.....	32
17.1 Service of Notices	32
Article 18 PERSONAL INFORMATION	33
18.1 Personal Information.....	33
Article 19 ASSIGNMENT	33
19.1 Assignment.....	33

Article 20 MISCELLANEOUS	33
20.1 Remedies Cumulative	33
20.2 Costs	33
20.3 No Waiver	33
20.4 Entire Agreement	34
20.5 Further Assurances	34
20.6 Time of the Essence	34
20.7 Enurement	34
20.8 Severability	34
20.9 Independent Legal Advice	34
20.10 Counterpart Execution	35
20.11 Electronic Execution	35

ASSET PURCHASE AGREEMENT

THIS AGREEMENT dated as of _____, 2019.

BETWEEN:

HUDSON AND COMPANY INSOLVENCY TRUSTEES INC., a body corporate, having an office in the City of Calgary in the Province of Alberta, in its capacity as court-appointed receiver and manager of **PETROCAPITA OIL AND GAS L.P.**, a limited liability partnership formed under the laws of the Province of Alberta, **PETROCAPITA G.P. I LTD.**, a body corporate, having an office in the City of Calgary, **PETROCAPITA PROCESSING L.P.**, a limited liability partnership formed under the laws of the Province of Alberta, and **PETROCAPITA G.P. II LTD.**, a body corporate, having an office in the City of Calgary and not in its personal or corporate capacity, (the "**Vendor**")

- and -

[PURCHASER], a body corporate, having an office in the City of _____ in the Province of _____ (the "**Purchaser**")

WHEREAS by Order dated June 11, 2019, as amended by Order dated August 19, 2019, the Alberta Court of Queen's Bench appointed **HUDSON AND COMPANY INSOLVENCY TRUSTEES INC.** (the "**Receiver**") as receiver and manager of **PETROCAPITA OIL AND GAS L.P.**, a limited liability partnership formed under the laws of the Province of Alberta, **PETROCAPITA G.P. I LTD.**, a body corporate, having an office in the City of Calgary, **PETROCAPITA PROCESSING L.P.**, a limited liability partnership formed under the laws of the Province of Alberta, and **PETROCAPITA G.P. II LTD.**, a body corporate, having an office in the City of Calgary (together, "**Petrocapita**"), (the "**Receivership Order**");

AND WHEREAS pursuant to the Receivership Order, the Vendor has possession or control of certain assets that are available for sale and has authorization under the Receivership Order to sell such assets;

AND WHEREAS the Vendor wishes to sell, assign and transfer the Assets to the Purchaser and the Purchaser wishes to purchase the Assets from the Vendor, upon and subject to the terms and conditions set forth in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises, mutual covenants, agreements and warranties in this Agreement, the Parties covenant and agree as follows:

_____, Area, AB/Sask

**ARTICLE 1
DEFINITIONS AND INTERPRETATION**

1.1 Definitions

In this Agreement, including the recitals, this Section 1.1 and the Schedules attached hereto, unless the context otherwise requires, or unless otherwise defined herein, the following words and phrases shall have the following meanings:

- (a) **"Abandonment and Reclamation Liabilities"** means all past, present and future obligations and liabilities respecting the abandonment and reclamation of the Assets, including without limitation, such obligations and liabilities to:
 - (i) abandon the Wells and close, decommission, dismantle and remove all structures, foundations, buildings, pipelines, seismic lines, equipment, tanks and other facilities and Tangibles that are or were located in or on the Lands or lands used or previously used in connection with the Lands; and
 - (ii) restore, remediate and reclaim any surface and subsurface locations of the Lands on which the Wells, structures, foundations, buildings, pipelines, seismic lines, equipment, tanks and other facilities described in Section 1.1(a)(i) (including Wells, structures, foundations, buildings, pipelines, seismic lines, equipment, tanks and other facilities which were abandoned or decommissioned prior to the date hereof) are or were located and all lands used to gain access to any of them;

all in accordance with generally accepted industry practices in the province where the Assets are located and in compliance with all Applicable Laws and the Title and Operating Documents.

- (b) **"Affiliate"** means any Person that controls, is controlled by or is under common control with a Party, or which controls, is controlled by or under common control with a Person which controls such Party; for the purposes of this definition, the term **"controls"** and **"controlled by"** means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person whether through 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 (50%) percent of the voting rights shall constitute control of such corporation. For certainty, a partnership which is a Party and which is comprised of corporations which are Affiliates shall be deemed to be an Affiliate of each such corporation and its other Affiliates.
- (c) **"Agreement"** means this Asset Purchase Agreement including the recitals hereto and the Schedules attached hereto, as it may be amended or supplemented from time to time in accordance with the terms hereof.
- (d) **"Applicable Laws"** means, in relation to any Person, asset, transaction, event or circumstance:

- (i) statutes (including regulations enacted thereunder);
- (ii) judgments, decrees and orders of courts of competent jurisdiction;
- (iii) regulations, orders, ordinances and directives issued by Government Authorities; and
- (iv) the terms and conditions of all permits, licenses, approvals and authorizations,

which are applicable to such Person, asset, transaction, event or circumstance.

- (e) "**Assets**" means all of Petrocapita's right, title, estate and interest in the Petroleum and Natural Gas Rights, the Miscellaneous Interests and the Tangibles.
- (f) "**Business Day**" means any day other than a Saturday, Sunday or statutory holiday in Calgary, Alberta.
- (g) "**Claim**" means any claim, action, cause of action, demand, lawsuit, proceeding, judgment, award, decree, determination, adjudication, writ, order, pronouncement, audit, arbitration, mediation, hearing, investigations, governmental investigation or action of every kind, nature or description, in each case, whether asserted, threatened, pending, contingent or existing, and whether based on contract, tort, statute or other legal or equitable theory of recovery.
- (h) "**Closing**" means the transfer of possession, risk, beneficial and legal ownership of the Assets from the Vendor to the Purchaser, the exchange of Conveyance Documents and the release of the Closing Payment by the Vendor's Counsel to the Vendor, and all other items and consideration required to be delivered on the Closing Date pursuant hereto, all subject to and in accordance with the terms and conditions of this Agreement.
- (i) "**Closing Date**" has the meaning provided in Section 4.1.
- (j) "**Closing Payment**" has the meaning provided in Section 3.4.
- (k) "**Conveyance Documents**" means all conveyances, assignments, transfers, novations, notices of assignment, trust agreements and declarations, subleases, directions to pay and other documents and instruments that are reasonably required or desirable in accordance with generally accepted oil and gas industry practice in the province where the Assets are located, to convey, assign and transfer title to the Assets held in the name of the Vendor to the Purchaser and to novate the Purchaser or its Affiliates into the place and stead of the Vendor or its Affiliates with respect to the Assets.
- (l) "**Court**" means the Court of Queen's Bench of Alberta.
- (m) "**Court Approval**" means the approval of the Transaction by the Court and the vesting of the Assets in the name of the Purchaser free and clear of any Encumbrances other than the Permitted Encumbrances, all in form and content

satisfactory to the Vendor and the Purchaser and substantially in the form of the Court Approval Order attached hereto as Schedule D.

- (n) "**Data Room Information**" means all information provided to the Purchaser in electronic form in relation to Petrocapita and/or the Assets.
- (o) "**Deposit**" has the meaning set forth in Section 3.3.
- (p) "**Dollar**" and "**\$**" mean a dollar of the lawful money of Canada.
- (q) "**Effective Time**" means 12:01 a.m. on the Closing Date.
- (r) "**Encumbrance**" means all security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, royalties, pledges, options, privilege, interests, assignments, actions, executions, levies, taxes, judgments, writs of execution, lease, reservation of ownership, rights of pre-emption, claims (whether financial, monetary or otherwise) or charges, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including, without limiting the generality of the foregoing, any encumbrances or charges created by the *Bankruptcy and Insolvency Act* (Canada) and all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system.
- (s) "**Environment**" means the components of the earth and includes ambient air, land, surface and sub-surface strata, groundwater, surface water, all layers of the atmosphere, all organic and inorganic matter and living organisms, and the interacting natural systems that include such components.
- (t) "**Environmental Law**" means all Applicable Laws respecting the protection and preservation of, or the control, remediation or reclamation of contamination or pollution of, the Environment or any part thereof and/or relating to Environmental Matters.
- (u) "**Environmental Liabilities**" means all past, present and future obligations and liabilities of whatsoever nature or kind arising from or relating to, directly or indirectly:
 - (i) Environmental Matters;
 - (ii) past, present and future non-compliance with, violation of or liability under Environmental Laws relating to or arising in connection with the ownership or control of the Assets; or
 - (iii) any impairment or damage to real property or the Environment, including any Abandonment and Reclamation Liabilities, and any other matters relating to surface, subsurface, air or groundwater contamination,whenever occurring or arising.

- (v) "**Environmental Matters**" means any activity, event or circumstance in respect of or relating to:
- (i) the storage, use, holding, collection, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling, transportation or Release of Hazardous Substances;
 - (ii) the protection of the Environment; or
 - (iii) pollution, reclamation, remediation or restoration of the Environment;
- in each case relating to or arising in connection with the ownership or control of the Lands or the Assets or that has or have arisen or hereafter arise from or in respect of past, present or future Operations, activities or omissions in or on the Lands or in respect of the Assets, including obligations to compensate Third Parties for Losses and Liabilities.
- (w) "**Facilities**" means Petrocapita's entire interest in the facilities related to the Assets including the facilities described in Schedule A, Part 4 and all discontinued facilities
- (x) "**Final Statement of Adjustments**" has the meaning set forth in Section 5.2(b).
- (y) "**GAAP**" means generally accepted accounting principles as applied in Canada as of the Effective Time.
- (z) "**General Conveyance**" means the general conveyance in the form attached hereto as Schedule B.
- (aa) "**Government Authority**" means any federal, national, provincial, territorial, municipal or other government, any political subdivision thereof, and any ministry, sub-ministry, agency or sub-agency, court, board, bureau, office, or department, including any government-owned entity, having jurisdiction over a Party, Petrocapita, the Assets or the Transaction.
- (bb) "**GST**" the goods and services tax required to be paid pursuant to the *Excise Tax Act* (Canada) or under any successor federal legislation that imposes a tax on the recipient of goods and services and in accordance with Section 3.5(a).
- (cc) "**Hazardous Substances**" means hazardous or toxic substances, hazardous wastes, radioactive substances, asbestos, dangerous goods and Petroleum Substances, including any and all substances and wastes regulated under Environmental Law
- (dd) "**Interim Statement of Adjustments**" has the meaning set forth in Section 5.2(a).
- (ee) "**Land Schedule**" means the lands listed in Schedule A, Part 1.
- (ff) "**Lands**" means the entire interest of Petrocapita as of the Effective Time in and to the lands within the Whitemap Area, including the lands set forth in the Land Schedule, and includes the Petroleum Substances within, upon or under such

lands, together with the rights to mine for, drill for, explore for, win, take, own or remove same, insofar as the same are granted by the Leases to such lands.

- (gg) "**Leases**" means the leases, subleases, reservations, permits, licenses or other documents of title set forth and described in the Land Schedule by virtue of which the holder thereof is entitled to drill for, explore for, mine, win, take, own or remove Petroleum Substances underlying the Lands and include, if applicable, all renewals and extensions of such documents and all documents issued in substitution therefor.
- (hh) "**Losses and Liabilities**" means, in relation to a matter, any and all:
 - (i) losses, costs, damages, expenses and charges (including all penalties, assessments and fines) which a Party suffers, sustains, pays or incurs, directly or indirectly, in connection with such matter and includes costs of legal counsel (on a full indemnity basis) and other professional advisors and reasonable costs of investigating and defending Claims arising from the matter, regardless of whether such Claims are sustained and includes taxes payable on any settlement payment or damage award in respect of such matter; and
 - (ii) 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) which a Party suffers, sustains, pays or incurs as a result of or in connection with such matter.
- (ii) "**Material Contracts**" means those agreements and other arrangements material to the operation of the Assets identified in Schedule E attached hereto.
- (jj) "**Miscellaneous Interests**" means all of the right, title, interest and estate of Petrocapita in and to all property, assets and rights, whether contingent or absolute, legal or beneficial, present or future, vested or not (other than the Petroleum and Natural Gas Rights and the Tangibles), to the extent relating to the Petroleum and Natural Gas Rights, the Tangibles or the Lands, including the following property, rights and assets:
 - (i) all contracts, agreements, books, records, files, maps and documents to the extent that they relate to the Petroleum and Natural Gas Rights, the Tangibles or the Lands, including the Material Contracts, and including the Title and Operating Documents and any rights of the Vendor in relation thereto;
 - (ii) the Surface Interests and all contracts, agreements, books, records, files, maps and documents to the extent that they relate to the Surface Interests, including the Title and Operating Documents and any rights of Petrocapita in relation thereto;
 - (iii) geological, geochemical and mineralogical data, reports and findings and archive samples, and all core or liquid samples and cuttings;

- (iv) all engineering and technical information, to the extent relating to the Petroleum and Natural Gas Rights, the Tangibles or the Lands which the Vendor has in its custody or has access, excluding any such information which is subject to confidentiality restrictions;
 - (v) all Permits, licenses, approvals, orders and other authorizations, crossing privileges and other subsisting rights to carry out operations on the Lands and any lands upon which the Tangibles or Wells are located, including well and pipeline licenses and other permits, licenses, approvals, orders and other authorizations relating to the Petroleum and Natural Gas Rights, the Tangibles, the Wells or the Lands;
 - (vi) the Wells, including the entire wellbores and casings, and all contracts, agreements, books, records, files, maps and documents to the extent that they relate to the Wells, including the Title and Operating Documents and any rights of Petrocapita in relation thereto; and
 - (vii) all extensions, renewals, replacements, substitutions or amendments of or to any of the agreements and instruments described in paragraphs (i) to (vii), above.
- (kk) "**Operations**" means any and all work, activities and operations of any kind whatsoever conducted on or with respect to the Assets.
- (ll) "**Party**" means the Vendor or the Purchaser, as the case may be, and "**Parties**" means the Vendor and the Purchaser.
- (mm) "**Permits**" means, all licences, permits, approvals and authorizations granted or issued by any Government Authorities and relating to the construction, installation, ownership, use or operation of the Assets.
- (nn) "**Permitted Encumbrances**" means any of the following:
- (i) the terms and conditions of the Permits;
 - (ii) easements, rights of way, servitudes, permits, licenses 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, electric light, power, telephone, telegraph and cable television conduits, poles, wires and cable;
 - (iii) the right reserved to or vested in any Government Authority by the terms of any Title and Operating Document, lease, license, franchise, grant or permit or by any Applicable Law, to terminate any such Title and Operating Document, lease, license, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;
 - (iv) the right reserved to or vested in any Government Authority to levy taxes on Petroleum Substances or the income or revenue attributable thereto and governmental requirements and limitations of general application;

- (v) rights reserved to or vested in any Government Authority to control or regulate any of the Assets in any manner;
- (vi) liens granted in the ordinary course of business to a public utility or Government Authority in connection with operations on or in respect of the Lands;
- (vii) the express or implied reservations, limitations, provisos and conditions in any original grants from the Crown of any of the Lands or interests therein and statutory exceptions to title;
- (viii) all royalty burdens, liens, adverse claims, penalties, conversions and other Encumbrances identified in the Land Schedule;
- (ix) contracts for the purchase, processing, transportation or storage of Petroleum Substances or for the contract operation of any of the Assets that are terminable without penalty on 31 days or less notice;
- (x) the terms and conditions of the Leases and the Title and Operating Documents, provided that, any Encumbrance created under or pursuant to any such Title and Operating Documents will be a Permitted Encumbrance only if it also satisfies another provision of this Section; and
- (xi) any other circumstance, matter or thing disclosed in any Schedule hereto.

Additionally, the following items must be identified in a Schedule to qualify as a Permitted Encumbrance: (A) any overriding royalty, net profits or other similar encumbrance applicable to the Petroleum and Natural Gas Rights for which Purchaser will assume the obligation for payment; (B) any existing potential alteration of Petrocapita's interests in the Assets because of a payout conversion or farm-in, farm-out or other similar agreement; and (C) any security interest which would not be a Permitted Encumbrance under the preceding paragraphs of this definition.

- (oo) "**Person**" means any individual, company, corporation, limited or unlimited liability company, sole proprietorship, joint venture, partnership (limited or general), trust, receiver, monitor, executor, Government Authority or other entity.
- (pp) "**Petrocapita**" has the meaning set forth in the recitals.
- (qq) "**Petroleum and Natural Gas Rights**" means all of the right, title, estate and interest, whether absolute or contingent, legal or beneficial, present or future, vested or not, and whether or not an "interest in land", of Petrocapita in and to the Lands and the Leases, subject in all events to the Permitted Encumbrances, as more particularly set out in Schedule A, Part 3.
- (rr) "**Petroleum Substances**" means any of crude oil, crude bitumen and products derived therefrom, synthetic crude oil, petroleum, natural gas, natural gas liquids, and any and all other substances related to or produced in conjunction with any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including sulphur and hydrogen sulphide.

- (ss) "**Place of Closing**" means the offices of Dentons Canada LLP at 1500, 850-2nd Street SW in the City of Calgary in the Province of Alberta, or as otherwise agreed to in writing by the Parties.
- (tt) "**Prime Rate**" means the rate of interest, expressed as a rate per annum, designated by the main branch in Calgary of the Royal Bank of Canada as the reference rate used by it to determine rates of interest charged by it on Canadian dollar commercial loans made in Canada and which is announced by such bank, from time to time, as its prime rate, provided that whenever such bank announces a change in such reference rate the "Prime Rate" shall correspondingly change effective on the date the change in such reference rate is effective.
- (uu) "**Purchase Price**" has the meaning given in Section 3.1.
- (vv) "**Purchaser Consents**" has the meaning provided in Section 8.1(a)
- (ww) "**Receiver**" has the meaning set forth in the recitals
- (xx) "**Receivership Order**" has the meaning set forth in the recitals.
- (yy) "**Regulator**" means the Ministry of Energy and Resources, Saskatchewan or the Alberta Energy Regulator, as the case may be.
- (zz) "**Release**" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration of a Hazardous Substance into or through the Environment or into or out of any lands, including the movement of a Hazardous Substance through or in any part of the Environment.
- (aaa) "**Representatives**" means, with, respect to Petrocapita and any Party, their respective directors, officers, servants, agents, advisors, employees, consultants and representatives.
- (bbb) "**Right of First Refusal**" or "**ROFR**" means a right of first refusal, pre-emptive right of purchase or similar right whereby any Third Party has the right to acquire or purchase any of the Assets as a consequence of the parties entering into this Agreement or the completion of the Transaction.
- (ccc) "**Surface Interests**" means all right, title, interest and estate of Petrocapita to enter upon, use, occupy and enjoy the surface of the Lands, and any lands with which the same have been pooled or unitized, and any lands upon which the Wells or the Tangibles are located and any lands used to gain access thereto or egress therefrom, in each case, for purposes related to the use or ownership of the Petroleum and Natural Gas Rights, the Tangibles or Wells or Operations, whether the same are held in fee simple, under a surface lease, by right of way, easement, license of occupation or otherwise.
- (ddd) "**Tangibles**" means, collectively, (i) all of the right, title, interest and estate of Petrocapita in the Facilities; and (ii) all right, title, interest and estate of Petrocapita, whether absolute or contingent, legal or beneficial, present or future, vested or not, in and to the tangible depreciable property and assets located within, upon, or in the vicinity of the Lands and which are used or are intended to be used to produce,

process, gather, treat, measure, or make marketable Petroleum Substances or in connection with water condensate, injection or removal operations or other *in situ* operations that pertain to the Petroleum and Natural Gas Rights, and including those assets listed in Schedule A, Part 5 and all gas plants, oil batteries, buildings, production equipment, pipelines, pipeline connections, meters, generators, motors, motor vehicles (if any), compressors, treaters, dehydrators, separators, pumps, tanks, boilers, communication equipment and all salvageable equipment pertaining to any Wells listed in Part 2 of Schedule A.

- (eee) "**Third Party**" means any Person other than Petrocapita, the Parties, their Affiliates and respective Representatives.
- (fff) "**Title and Operating Documents**" means all agreements, contracts, instruments and other documents that govern the ownership, operation or use of the Assets or relate to Permitted Encumbrances, including: (i) the Leases and other agreements and instruments pursuant to which the Petroleum and Natural Gas Rights were issued, granted or created, (ii) permits, licenses, approvals, orders and authorizations, (iii) operating agreements, pooling agreements, unit agreements, production allocation agreements, trust declarations, participation agreements, joint venture agreements, purchase and sale agreements, asset exchange agreements, farm-in agreements, farm-out agreements and royalty agreements, (iv) agreements that create or relate to Surface Interests, including surface rights documentation and road use agreements, (v) agreements for the construction, ownership and/or operation of the Tangibles and the Wells, (vi) trust declarations and other documents and instruments that evidence Petrocapita's interests in the Assets, (vii) trust declarations pursuant to which Petrocapita holds interests in the Lands in trust for other Persons, (viii) service agreements for the treating, gathering, storage, transportation or processing of Petroleum Substances or other substances, the injection or subsurface disposal of other substances, the use of well bores of the operation of any Tangibles or Wells by a Third Party, and (ix) agreements for the sale of Petroleum Substances that are terminable on 31 days' notice or less without early termination penalty or other cost.
- (ggg) "**Transaction**" means, collectively, the transaction for the purchase and sale of the Assets as contemplated by this Agreement and all other transactions contemplated by this Agreement that are to occur in connection with the sale and purchase of the Assets.
- (hhh) "**Vendor's Counsel**" means Dentons Canada, LLP.
- (iii) "**Vendor Entity**" means the Vendor, Petrocapita and each of their respective Representatives, and each of their respective successors and assigns.
- (jjj) "**Wells**" means all producing, shut in, abandoned, suspended, capped, water source, service, observation, delineation, injection and disposal wells located on the or within the Lands or any lands pooled or unitized therewith, whether or not completed, including the wells identified or described in Schedule A, Part 2, together with all well licenses relating thereto.
- (kkk) "**Whitemap Area**" means the area outlined in red on the map attached hereto as Schedule F.

1.2 Interpretation

The following rules of construction shall apply to this Agreement unless the context otherwise requires:

- (a) the headings in this Agreement are inserted for convenience of reference only and shall not affect the meaning, interpretation or construction of this Agreement;
- (b) all documents executed and delivered pursuant to the provisions of this Agreement are subordinate to the provisions hereof and the provisions hereof shall govern and prevail in the event of a conflict;
- (c) any reference to a statute shall include and shall be deemed to be a reference to such statute and to the regulations made pursuant thereto, and all amendments made thereto and in force at the date hereof;
- (d) whenever the singular or masculine or neuter is used in this Agreement, the same shall be construed as meaning plural or feminine or referring to a body politic or corporate, and *vice versa*, as the context requires;
- (e) the words "hereto", "herein", "hereof", "hereby", "hereunder" and similar expressions refer to this Agreement and not to any particular provision of this Agreement;
- (f) reference to any Article, Section or Schedule means an Article, Section or Schedule of this Agreement unless otherwise specified;
- (g) if any provision of a Schedule hereto conflicts with or is at variance with any provision in the body of this Agreement, the provisions in the body of this Agreement shall prevail to the extent of the conflict; and
- (h) "include" and derivatives thereof shall be read as if followed by the phrase "without limitation".

1.3 Schedules

The following schedules are attached to and form part of this Agreement:

SCHEDULE A	
Part 1	Lands, Leases and Permits
Part 2	Wells
Part 3	Petroleum and Natural Gas Rights
Part 4	Facilities
Part 5	Other Assets
SCHEDULE B	Form of General Conveyance
SCHEDULE C	Form of Officer's Certificate
SCHEDULE D	Form of Court Approval Order
SCHEDULE E	Material Contracts
SCHEDULE F	Whitemap Area

If any term or condition of such Schedules conflicts or is inconsistent with any term or condition in the main body of this Agreement, the term or condition in the main body of this Agreement shall prevail to the extent of the conflict or inconsistency.

1.4 Interpretation If Closing Does Not Occur

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

ARTICLE 2 PURCHASE AND SALE

2.1 Purchase and Sale

Subject to the terms and conditions of this Agreement, the Vendor, exercising the powers of sale granted pursuant to the Receivership Order, hereby agrees to sell, assign, transfer, convey and set over the Assets to the Purchaser, and the Purchaser agrees to purchase and accept the Assets from the Vendor, at and for the Purchase Price on the Closing Date.

2.2 Transfer of Assets

Provided that Closing occurs, and subject to the terms and conditions of this Agreement, possession, risk, beneficial and legal ownership of the Assets shall transfer from the Vendor to the Purchaser on the Closing Date.

2.3 Excluded Liabilities

The Purchaser shall not assume any liabilities or obligations of Petrocapita other than as may be specifically provided in this Agreement.

2.4 Whitemap Area

- (a) The Parties acknowledge that although the Vendor has prepared, and the Purchaser has reviewed, the Schedules attached hereto diligently and with good faith, they recognize that there may be unintended omissions or misdescriptions. As such, the Parties acknowledge and agree that it is their intention that, in addition to those Assets included and specified in the Schedules hereto, the Assets shall include Petrocapita's entire interest in and to all Petroleum and Natural Gas Rights, Tangibles and Miscellaneous Interests (as those terms are defined herein) which fall within the White Map Area, any of such additional unscheduled Assets, if any, being the "**Unscheduled Assets**", and that the Purchase Price includes consideration for such Unscheduled Assets.
- (b) To the extent that any Unscheduled Assets are identified by either Party after the Closing Date, the Parties shall use all reasonable efforts to replace the affected Schedules attached hereto with corrected Schedules, which corrected Schedules shall be deemed to be the applicable Schedule as of the date hereof, and to take such additional steps as are necessary to specifically convey Petrocapita's interest in such Unscheduled Assets to the Purchaser.

**ARTICLE 3
PURCHASE PRICE AND PAYMENT**

3.1 Purchase Price

The purchase price to be paid by the Purchaser to the Vendor for the Assets shall, be _____ Dollars (\$_____.00) (the "**Purchase Price**") plus or minus (as applicable) the net amount of the adjustments made pursuant to Article 5, satisfied by Purchaser as follows:

- (a) payment of the Deposit (as set forth and defined in Section 3.3); and
- (b) cash in the amount of Purchase Price less the Deposit plus or minus any interim adjustments as per Section 5.1, payable to Vendor at Closing.

3.2 Allocation of the Purchase Price

The Purchase Price shall be allocated among the Assets as follows:

- (a) to the Petroleum and Natural Gas Rights _____
- (b) to the Tangibles _____
- (c) to the Miscellaneous Interests _____

3.3 Deposit

The Purchaser has provided a deposit to Vendor's Counsel equal to \$_____.00 (the "**Deposit**"), which Deposit is being held in an interest bearing account maintained by Vendor's Counsel and treated as follows:

- (a) paid to the Purchaser, with all interest earned thereon, if this Agreement is terminated pursuant to Subsection 14.1(a);
- (b) paid to the Vendor, if the Transaction is not completed for any reason other than (i) the Purchaser is not satisfied with, or has waived, the conditions precedent set forth in Subsection 9.2 and exercised its right not to proceed hereunder, or (ii) the Parties have made a joint election pursuant to Subsection 14.1(a) hereof; and
- (c) in all events other than the preceding subsections (a) and (b) hereof, combined with and treated as a part of the Closing Payment set forth in the following subsection.

The Purchaser expressly waives any present or future right, at law or in equity, that would prohibit or may prohibit the retention of the Deposit as liquidated damages by the Vendor in connection with Closing not occurring after the satisfaction or waiver of the conditions precedent in favour of the Purchaser set forth in Section 9.2 of this Agreement and the Purchaser and the Vendor expressly covenant and agree that:

- (d) this Agreement and all of the Transactions occurring or potentially occurring thereby, including without limitation the potential retention of the Deposit by the

Vendor in the manner contemplated by Section 3.3(b), are the product of an arm's length negotiations between sophisticated business people represented by counsel;

- (e) there has been a course of conduct between the Vendor and the Purchaser giving specific consideration to all of the Transactions occurring herein including, without limitation, the potential retention of the Deposit by the Vendor in the manner contemplated by Section 3.3(b);
- (f) the Purchaser be and is hereby estopped from making any Claim to challenge the retention of the Deposit by the Vendor in the manner contemplated by this by Section 3.3 of this Agreement;
- (g) the Purchaser's agreement to allow the Vendor to retain the Deposit as contemplated by Section 3.3(b) was a material inducement to the Vendor entering into this Agreement with the Purchaser; and
- (h) the Vendor would have elected to sell, convey and transfer the Assets to a different person and the Vendor and the Purchaser would not have entered into this Agreement had the Vendor and the Purchaser not agreed to allow the Vendor to retain the Deposit in the manner contemplated by Section 3.3(b).

3.4 Closing Payment

On the Closing Date, the Purchaser shall pay the Purchase Price (less the amount of the Deposit) by certified cheque, bank draft or electronic wire transfer, plus any taxes and fees (including GST) payable under Section 3.5 (the "Closing Payment") and the Parties shall deliver all closing documentation and Conveyance Documents to be executed or exchanged in accordance with this Agreement to Vendor's Counsel to be held in escrow pending release from escrow upon completion of Closing and the issuance of a certificate of the Receiver issued pursuant to the terms and conditions of Court Approval.

3.5 Taxes and Fees

- (a) The Purchase Price does not include GST. On the Closing Date, the Purchaser shall pay to Vendor's Counsel an amount equal to the statutory rate of GST on the portion of the Purchase Price allocated to Tangibles and Miscellaneous Interests pursuant to Section 3.2 and on the amount attributable to any other Assets or expenses to which GST may apply. The Purchaser shall be liable for the payment and remittance of any additional amount of GST payable in respect of the purchase of the Assets pursuant hereto, including any interest, penalties, or any other costs payable in respect of such additional GST, and shall indemnify and save harmless the Vendor Entity in respect thereof. The GST Registration Number of the Vendor is _____ . The GST Registration Number of the Purchaser is _____ .
- (b) The Purchaser shall also be liable for and shall pay directly to the appropriate Government Authority, as required, any and all land transfer taxes, federal or provincial sales taxes and all other taxes, duties or other similar charges properly payable upon and in connection with the conveyance and transfer of the Assets by

the Vendor to the Purchaser and the Purchaser shall be responsible for all recording charges and registration fees payable in connection therewith.

- (c) The Purchaser does hereby indemnify the Vendor Entity against any Claims which may arise in connection with the above-noted taxes, and the Purchaser further agrees to pay all such amounts including interest and penalties, if any, in connection with same.

ARTICLE 4 CLOSING

4.1 Closing

The Closing of the Transaction shall take place at the Place of Closing or such other place as the Parties may agree on a date which shall not be later than _____, 2019 unless agreed to in writing by the Parties (the "Closing Date").

ARTICLE 5 ADJUSTMENTS

5.1 Costs and Revenues to be Apportioned On Closing

- (a) All costs and expenses relating to the Assets (including, without limitation, maintenance, development, capital and operating costs) and all revenues relating to the Assets (including, without limitation, proceeds from the sale of production and fees from processing, treating or transporting Petroleum Substances on behalf of Third Parties) shall be apportioned as of the Effective Time between Vendor and Purchaser on an accrual basis in accordance with GAAP on and subject to the following:
 - (i) except as otherwise provided in this Section 5.1, all such costs and revenues accruing up to the Effective Time shall be for the account of the Vendor and all such costs and revenues accruing after the Effective Time shall be for the account of the Purchaser;
 - (ii) all such revenues accruing up to the Effective Time shall be for the Vendor's account, regardless of whether such revenues are received or receivable prior to or after the Closing Date, and Purchaser shall hold in trust for, on behalf of and pay to the Vendor any such revenues received by the Purchaser, and all such revenues accruing after the Effective Time shall be for the Purchaser's account, regardless of whether such revenues are received or receivable prior to or after the Closing Date, and Vendor shall hold in trust for, on behalf of and pay to the Purchaser any such revenues received by the Vendor;
 - (iii) all costs of whatever nature that pertain to work performed or goods or services provided with respect to the Assets prior to the Effective Time, shall be borne by the Vendor, and all costs of whatever nature that pertain to work performed or goods or services provided with respect to the Assets after the Effective Time, shall be borne by the Purchaser;

- (iv) all rentals, property taxes and other periodic payments (other than income taxes) shall be apportioned between the Vendor and the Purchaser on a *per diem* basis as of the Effective Time, provided that (a) all such rentals, property taxes and other periodic payments accruing up to the Effective Time shall be for the Vendor's account (it being expressly understood and agreed that any rentals, property taxes and other periodic payments vested off title to the Assets in accordance with the Court Approval shall not be adjusted), and (b) all such rentals, property taxes and other periodic payments accruing after the Effective Time shall be for the Purchaser's account;
 - (v) advances made by Vendor in respect of the costs of operations on Lands or lands pooled or unitized therewith or facilities interests included in the Assets which have not been applied to the payment of costs prior to the Closing Date and stand to the credit of Petrocapita or Vendor will be excluded and will remain the property of Vendor and if required will be replaced by Purchaser following Closing;
 - (vi) deposits made by Petrocapita or Vendor relative to operations on the Lands including, but not limited to any deposits with a Government Authority, shall be returned to Vendor;
 - (vii) no adjustments shall be made in respect of income taxes.
- (b) All adjustments to be made pursuant to this Section 5.1 shall be allocated to the Petroleum and Natural Gas Rights.
 - (c) Vendor, and its respective directors, officers, employees, contractors or agents, shall not be liable to make any adjustment in favour of, or make any payment to, Purchaser pursuant hereto in respect of any liability which relates to the period which arose prior to the Receivership Order.
 - (d) Notwithstanding anything to the contrary in this section, Petroleum Substances beyond the wellhead and in inventory as of the Effective Time shall be retained by Vendor and Vendor shall be responsible for all royalties or other encumbrances thereon and all processing, treating and transportation expenses pertaining thereto.
 - (e) Notwithstanding anything to the contrary in this section, Petroleum Substances produced following the Effective Time shall be owned by the Purchaser and no adjustment shall be made in favour of Vendor for such production. Vendor shall not remove any Petroleum Substances in inventory following the Effective Time without the prior written consent of Purchaser. Purchaser shall be responsible for all royalties or other encumbrances thereon and all processing, treating and transportation expenses pertaining thereto.
 - (f) Petroleum Substances will be deemed to be sold on a first in, first out basis.

5.2 Statement of Adjustments

- (a) The Vendor shall carry out an accounting and adjustment and prepare and deliver to the Purchaser at least three (3) Business Days prior to the Closing Date a statement setting forth the Vendor's good faith estimate of all adjustments to be made for the Transaction (the "**Interim Statement of Adjustments**") in accordance with the foregoing Section 5.1. Vendor shall make available to Purchaser all information reasonably necessary for Purchaser to understand and confirm the calculations in that statement.
- (b) Within ninety (90) days following the Closing Date, the Vendor shall prepare and deliver, and the Purchaser shall cooperate in preparing, a final statement of all adjustments and payments ("**Final Statement of Adjustments**"), on the basis of the information available within that period, to be made pursuant to Section 5.1 including any settlement payment required to be made by either Party as a result of differences between the Final Statement of Adjustments and the Interim Statement of Adjustments.
- (c) During the thirty (30) days following receipt by the Purchaser of the Final Statement of Adjustments, either Party may audit the books, records and accounts of the other Party and their successors and assigns respecting the Assets and Final Statement of Adjustments, for the purpose of confirming settlement payments pursuant to this Section. Such audit shall be conducted upon reasonable notice to the other Party at the non-auditing Party's offices during normal business hours, and shall be conducted at the sole expense of the auditing Party. Any claims or discrepancies disclosed by such audit shall be made in writing to the other Party within thirty (30) days following the receipt by the Purchaser of the Final Statement of Adjustments, if a proposed change is disputed by the other Party and the Parties fail to resolve the dispute within 10 days after receipt of such notice of a claim or discrepancy, then an Accounting Firm shall be immediately engaged by the Parties to resolve the dispute and the Accounting Firm shall be requested to render its decision without qualifications other than the usual qualifications relating to engagements of this nature, within 14 days after the dispute is referred to it. The decision of the Accounting Firm shall be final and binding upon the Parties and shall not be subject to appeal by either Party. Each of Vendor and Purchaser shall be responsible for and shall pay 50% of the fees and expenses of the Accounting Firm.
- (d) An adjustment payable by a Party after Closing pursuant to this Section 5.2 which is not paid within fifteen (15) Business Days of a written request for payment from the other Party, shall bear interest at the Prime Rate plus three percent (3%) per annum payable by the paying Party to the other Party from the end of such fifteen (15) Business Day period until the adjustment is paid.
- (e) Subject only to this Section 5.2, the Final Statement of Adjustments shall constitute the final accounting between the Parties in respect of costs and revenues accruing, payable, paid, received or receivable in respect of the Assets, shall be binding on the Parties and shall not be subject to dispute. For certainty, notwithstanding any other provision in this Agreement, save pursuant to the Final Statement of Adjustments, there shall be no further adjustments made between the Parties in respect of any costs or revenues accruing, payable, paid, received or receivable in respect of the Assets, including rentals, maintenance, development, capital and operating costs, advances, and payments with respect to Permitted Encumbrances, including, but not limited to, any costs or

revenues that are disclosed or adjusted as a consequence of any subsequent joint venture audits, royalty adjustments or similar audit or adjustment procedures pursuant to the Title and Operating Documents or Applicable Law.

- (f) Subject to Section 5.2(c), the Purchaser and the Vendor will each bear their own fees and expenses, including the fees and expenses of their respective accountants and auditors, in preparing or reviewing, as the case may be, the Final Statement of Adjustments.
- (g) All adjustments provided for in this Article shall be adjustments to the Purchase Price and Purchaser acknowledges that no adjustments shall be made in favor of the Purchaser in excess of the Purchase Price.

ARTICLE 6 INTERIM PROVISIONS

6.1 Assets to be Maintained

The Vendor shall comply with all obligations and perform all duties required of it pursuant to the Receivership Order.

6.2 Following Closing

- (a) Following Closing, the Vendor shall hold title to the Assets in trust for the Purchaser, as bare legal trustee, until all necessary notifications, registrations and other steps required to transfer such title to the Purchaser have been completed and, in furtherance thereof:
 - (i) the Vendor shall forward all statements, notices and other information received by it pursuant to such Title and Operating Document that pertains to the Assets to the Purchaser promptly following its receipt thereof; and
 - (ii) the Vendor shall forward to other parties to the Title and Operating Documents such notices and elections pursuant to such Title and Operating Documents pertaining to the Assets as the Purchaser may reasonably request;

provided that the Vendor shall not be required to initiate or conduct Operations in relation to the Assets.

In the event that the Vendor cannot transfer the Assets to the Purchaser until all necessary notifications, registrations and other steps required to transfer such title to the Purchaser have been completed, or as a result of an unforeseen delay, then the Parties shall forthwith attend in Court to expedite and immediately facilitate such transfer.

- (b) The Purchaser shall indemnify and save and hold harmless the Vendor Entity from and against all Losses and Liabilities arising as a consequence of the provisions of this Section 6.2.

**ARTICLE 7
ACCESS TO INFORMATION AND RECORDS**

7.1 Technical and Operating Information

The Vendor shall use reasonable commercial efforts, upon request and subject to contractual restrictions relating to disclosure, to make available all technical data relating to the Assets (including, as may be available, seismic data, drilling reports, land files, surface disposition files, environmental files, well files and production records, but excluding data and information which are subject to confidentiality restrictions prohibiting their disclosure) as are in the possession or control of the Vendor for such inspection as the Purchaser reasonably requires in connection herewith. Upon reasonable written notice to the Vendor the Purchaser shall be entitled to conduct a field inspection of the Lands, the Purchaser hereby acknowledging its obligation to hold the Vendor Entity harmless in respect of any matter that may arise in respect of such inspection in accordance with Section 12.6 hereof.

7.2 No Right to Reduction in Purchase Price

Notwithstanding anything to the contrary in this Agreement, the Purchaser acknowledges and agrees that it shall have no right or other entitlement to any abatement or reduction in the Purchase Price as a result of, arising from or in connection with any deficiency or allegation of deficiency in respect of the Assets, including, without limitation, any Environmental Liability or deficiency or title deficiency, whether identified in connection with the Purchaser's right to information as provided by Section 7.1 or otherwise.

7.3 Access to Records

The Vendor may, at its sole expense, for a period of two (2) years after Closing, request from the Purchaser copies or photocopies of any Title and Operating Documents, correspondence, documents, records, policies, manuals, reports, or other proprietary, confidential business or technical information which were delivered to the Purchaser at Closing by the Vendor and which the Vendor reasonably requires. The Purchaser shall use reasonable commercial efforts to provide the Vendor with the requested documentation.

**ARTICLE 8
CONSENTS**

8.1 Consents

The Purchaser shall, forthwith upon execution of this Agreement, use commercially reasonable efforts to:

- (a) identify and request in writing all necessary consents, permissions and approvals by Third Parties and Government Authorities in connection with the Transaction customarily obtained prior to Closing (the "**Purchaser Consents**"); and
- (b) provide prior written notice to all Third Parties and Government Authority in sufficient time to allow any Purchaser Consents having an expiry period to expire (if not refused) prior to the Closing Date.

ARTICLE 9 CONDITIONS PRECEDENT TO CLOSING

9.1 Vendor's Closing Conditions

The obligation of the Vendor to complete the sale of the Assets pursuant to this Agreement is subject to the satisfaction at or prior to the Closing Date of the following conditions precedent:

- (a) **Representations and Warranties True:** All representations and warranties of the Purchaser contained in this Agreement shall be true in all material respects as of the date of this Agreement and as of the Closing Date, and the Vendor shall have received a certificate from an officer of the Purchaser substantially in the form attached hereto as Schedule C dated as of the Closing Date;
- (b) **Purchaser's Obligations:** The Purchaser shall have, in all material respects, timely performed and satisfied all obligations and covenants required by this Agreement to be performed and satisfied by the Purchaser on or prior to the Closing Date;
- (c) **Conveyance Documents:** The Purchaser shall have executed and delivered to the Vendor all Conveyance Documents required under Section 12.1(a) and the General Conveyance;
- (d) **No Injunction:** There will not be any judicial restraining order or injunction, preliminary or otherwise, in effect prohibiting the Closing or the Transaction; and
- (e) **Court Approval:** The Court Approval shall have been obtained.

The foregoing conditions shall be for the benefit of the Vendor and may, without prejudice to any of the rights of the Vendor hereunder excluding reliance on or enforcement of any representations, warranties or covenants dealing with the subject of or similar to the condition waived, be waived by it in writing, in whole or in part, at any time, provided that the Vendor is not entitled to waive the Court Approval condition contained in Section 9.1(e). The Vendor shall proceed diligently and in good faith and use all commercially reasonable efforts to fulfill and assist in the fulfillment of the foregoing conditions in case any of the said conditions shall not be complied with, or waived by the Vendor, at or before the Closing Date, the Vendor may terminate this Agreement by written notice to the Purchaser.

9.2 Purchaser's Closing Conditions

The obligation of the Purchaser to complete the purchase of the Assets pursuant to this Agreement is subject to the satisfaction, at or prior to the Closing Date, of the following conditions precedent:

- (a) **Representations and Warranties True:** All representations and warranties of the Vendor, in its capacity as Receiver and not in its personal or corporate capacity, contained in this Agreement shall be true in all material respects as of the date of this Agreement and as of the Closing Date, and the Purchaser shall have received a certificate from an officer of the Vendor substantially in the form attached hereto as Schedule C dated as of the Closing Date;

- (b) **Vendor's Obligations:** The Vendor shall have, in all material respects, timely performed and satisfied all obligations and covenants required by this Agreement to be performed and satisfied by the Vendor (and shall have caused the Vendor to perform and satisfy in a timely manner all of its obligations hereunder) on or prior to the Closing Date;
- (c) **Conveyance Documents:** The Vendor shall have executed and delivered to the Purchaser all Conveyance Documents required under Section 12.1(a) and the General Conveyance;
- (d) **No Injunction:** There will not be any judicial restraining order or injunction, preliminary or otherwise, in effect prohibiting the Closing or the Transaction; and
- (e) **Court Approval:** The Court Approval shall have been obtained.

The foregoing conditions shall be for the benefit of the Purchaser and may, without prejudice to any of the rights of the Purchaser hereunder (excluding reliance on or enforcement of any representations, warranties or covenants dealing with the subject of or similar to the condition waived), be waived by it by notice to the Vendor in writing, in whole or in part, at any time, provided that the Purchaser is not entitled to waive the Court Approval condition contained in Section 9.2(e). The Purchaser shall proceed diligently and in good faith and use all commercially reasonable efforts to fulfill and assist in the fulfillment of the foregoing conditions. In case any of the said conditions shall not be complied with, or waived by the Purchaser at or before the Closing Date, the Purchaser may terminate this Agreement by written notice to the Vendor.

9.3 Parties to Exercise Diligence and Good Faith with respect to Conditions

Each Party covenants to the other that it will proceed diligently, honestly, and in good faith, and use commercially reasonable efforts with respect to all matters within its reasonable control to satisfy its respective conditions in Sections 9.1 and 9.2.

ARTICLE 10 REPRESENTATIONS AND WARRANTIES

10.1 Vendor's Representations and Warranties

The Vendor, in its capacity as Receiver and not in its personal or corporate capacity, hereby represents and warrants to the Purchaser that:

- (a) the Vendor has good right, full power and absolute authority to enter into this Agreement and the other documents and agreements executed and delivered hereunder and to sell, assign, transfer, convey and set over the interest of the Vendor and Petrocapita in and to the Assets, subject to the Court Approval;
- (b) the Vendor has not incurred any obligation or liability contingent or otherwise, for broker's or finder's fees in respect of the Transaction for which the Purchaser shall have any obligations or liability;
- (c) provided the Court Approval is obtained:

- (i) this Agreement has been and all documents and agreements to be executed and delivered by the Vendor at Closing pursuant to this Agreement shall be, duly executed and delivered by it; and
 - (ii) upon execution by the Purchaser and the Vendor, this Agreement constitutes, and all documents and agreements required to be executed and delivered by the Vendor at Closing will constitute, legal, valid and binding obligations of the Vendor enforceable against the Vendor in accordance with their respective terms, subject to the provisions of the bankruptcy, insolvency, preference, reorganization, moratorium and other similar laws affecting creditor's rights generally and the discretionary nature of equitable remedies and defences; and
- (d) the Vendor and Petrocapita are not non-residents of Canada for the purposes of the *Income Tax Act* (Canada).

10.2 No Additional Representations and Warranties by the Vendor

- (a) Notwithstanding anything to the contrary in this Agreement, the Purchaser acknowledges and agrees that it is acquiring the Assets on an "as is, where is" and "without recourse" basis with all defects, both patent and latent, and with all faults, whether known or unknown, presently existing or that may hereafter arise, and the Purchaser acknowledges and agrees that the Vendor makes no representations or warranties except as expressly set forth in Section 10.1 and in particular, and without limiting the generality of the foregoing, the Vendor disclaims and shall not be liable for any representation or warranty express or implied, of any kind, at law or in equity, which may have been made or alleged to be made in any instrument or document relative hereto, or in any statement or information made or communicated to the Purchaser in any manner including any opinion, information, or advice which may have been provided to the Purchaser by the Vendor or their Representatives in connection with the Assets or in relation to the Transaction. For greater certainty, but without limitation, except as expressly set forth herein, the Vendor makes no representation or warranty, express or implied, of any kind, at law or in equity, with respect to:
- (i) the accuracy or completeness of the Data Room Information, or information contained in the Schedules attached hereto, any other data or information supplied by the Vendor or any of its Representatives in connection with the Assets;
 - (ii) the quality, quantity or recoverability of any Petroleum Substances with or under the Lands;
 - (iii) the nature, manner, quality, condition or state of repair of the Assets;
 - (iv) the merchantability, suitability, marketability, profitability, serviceability or fitness for a particular purpose of the Assets;
 - (v) the value of the Assets or any estimates of prices or future cash flows arising from the sale of any Petroleum Substances produced from or

allocated to the Assets or the Lands or any estimates of other revenues or expenses attributable to the Assets;

- (vi) the availability or continued availability of facilities, services or markets for the processing, transportation or sale of any Petroleum Substances;
 - (vii) the ability of the Purchaser to obtain any necessary approval from any Government Authority in order for the Purchaser to operate the Assets;
 - (viii) the quality, condition, fitness, suitability, serviceability or merchantability of any of the Tangibles
 - (ix) any regulatory approvals, Permits, consents or authorizations that may be needed to complete the purchase of the Assets contemplated by this Agreement;
 - (x) the compliance of or by the Assets or their operation with any Applicable Law (including Environmental Laws);
 - (xi) the title of Petrocapita to the Assets; or
 - (xii) any other matter with respect to the Assets.
- (b) Except for its express rights under this Agreement and as expressly contained in Section 10.1 of this Agreement, the Purchaser hereby waives all rights and remedies (whether now existing or hereinafter arising and including all equitable, common law, tort, contractual and statutory rights and remedies) against the Vendor or Vendor Entity in respect of the Assets or the Transaction or any representations or statements made, direct or indirect, express or implied, or information or data furnished to the Purchaser or its Representatives, in connection herewith (whether made or furnished orally or by electronic, faxed, written or other means).

10.3 Purchaser's Representations and Warranties

The Purchaser hereby represents and warrants to the Vendor, and/or is deemed to agree with respect to the Assets, that:

- (a) it is and at the Closing Date shall continue to be a valid and subsisting corporation under the laws of its jurisdiction of registration and is authorized to carry out business in the jurisdiction where the Assets are located;
- (b) except for the Court Approval, it has taken all action and has full power and absolute authority to enter into this Agreement and the other documents and agreements executed and delivered hereunder and it has taken all necessary action to consummate the Transaction and to perform its obligations hereunder and the other documents and agreements executed and delivered hereunder;
- (c) it has not incurred any obligation or liability, contingent or otherwise, for broker's or finder's fees in respect of the Transaction for which the Vendor shall have any obligations or liability;

- (d) it has not received notice of any Claims in existence, contemplated, pending or threatened against it seeking to prevent the consummation of the Transaction;
- (e) provided the Court Approval is obtained:
 - (i) this Agreement has been, and all documents and agreements to be executed and delivered by it at Closing pursuant to this Agreement shall be, duly executed and delivered by it; and
 - (ii) upon execution by the Vendor and it, this Agreement constitutes, and all documents and agreements required to be executed and delivered by it at Closing will constitute legal, valid and binding obligations of it enforceable against it in accordance with their respective terms, subject to bankruptcy, insolvency, preference, reorganization, moratorium and other similar laws affecting creditor's rights generally and the discretionary nature of equitable remedies and defences;
- (f) provided that Court Approval is obtained, no authorization or approval or other action by, and no notice to or filing with, any Government Authority exercising jurisdiction over the Assets is required by it or on its behalf for the due execution and delivery of this Agreement;
- (g) provided the Court Approval is obtained, the consummation of the Transaction will not constitute or result in a material violation, breach or default by it under any provision of any agreement or instrument to which it is a party or by which it is bound or any judgment, law, decree, order or ruling applicable to it;
- (h) it is acquiring the Assets in its capacity as a principal and is not purchasing the Assets as agent or representative of any Third Party;
- (i) it has sufficient funds available to it to enable it to pay in full the Purchase Price to the Vendor as herein provided, to pay any security deposit required by the Regulator (and any other Government Authority) to approve the transfer of licenses associated with the Assets; and otherwise to fully perform its obligations under this Agreement ;
- (j) it does not have a "Licensee Management Rating" or "LMR", as determined under or pursuant to the applicable Regulator rules, regulations, guidelines, directives, interim directives and policies that is less than 2.0 following Closing and the transfer of the Assets as contemplated in this Agreement; and the Purchaser is not aware of any fact or circumstance that would prevent or delay the transfer of any Permits relating to or forming part of the Assets as contemplated in this Agreement;
- (k) it has inspected the Assets and is familiar and satisfied with the physical condition thereof and has conducted such investigation of the Assets as the Purchaser has determined appropriate;
- (l) the Vendor Entity has not made any oral or written representation, warranty, promise or guarantee whatsoever to the Purchaser, expressed or implied, and in particular, that no such representations, warranties, guarantees, or promises have

been made with respect to the physical condition, operation, or any other matter or thing affecting or related to the Assets and/or the offering or sale of the Assets;

- (m) it has not relied upon any representation, warranty, guarantee or promise or upon any statement made or any information provided concerning the Assets, including the Data Room Information made available to the Purchaser by the Vendor Entity;
- (n) it has entered into this Agreement after having relied solely on its own independent investigation, inspection, analysis, appraisal and evaluation of the Assets and the facts and circumstances related thereto;
- (o) it is entering into this agreement with the understanding that any information provided or to be provided by or on behalf of the Vendor with respect to the Assets, including all Data Room Information, was obtained from information provided to the Vendor and the Vendor Entity has not made any independent investigation or verification of such information, and makes no representations as to the accuracy or completeness of such information;
- (p) it is entering into this agreement with the understanding that the Vendor Entity was not under any obligation to disclose to the Purchaser, and shall have no liability for its failure to disclose to the Purchaser, any information known to it relating to the Assets;
- (q) it is entering into this agreement with the understanding that the Vendor Entity is not to be liable or bound in any manner by any oral or written statements, representations or information pertaining to the Assets, or the operation thereof, made or furnished by any real estate broker, agent, employee, or other Person; and
- (r) the Purchaser is not a non-resident of Canada for the purposes of the *Investment Canada Act* (Canada).

10.4 As Is-Where Is

The Purchaser and the Vendor covenant and agree with each other as follows:

- (a) the Purchaser is responsible for making its own searches and investigation of the current and past uses of the Assets and has made such searches, inventories, and investigations as it considers necessary or appropriate and is satisfied with such searches, inventories, and investigations in all respects;
- (b) the Purchaser is satisfied with the Assets and all matters and things connected therewith or in any way related thereto, including that any applicable consents, Rights of First Refusal or other restrictions on the transfer, sale or assignment of the Assets has been waived or complied with;
- (c) the Assets are sold on an "as is - where is" basis and there are no representations, warranties or conditions, whether express or implied (by law or by equity), with respect to the Assets including without limitation any representation, warranty or condition respecting the environmental condition, presence of Hazardous Substances or any other Environmental Matter concerning the Assets, the

merchantability of the Assets, the condition, quality, zoning, location, accessibility or fitness for any particular purpose or the Assets, the conformity of the Assets to any description, the non-infringement or non-violation of the intellectual property rights of any other person, or any warranty of title with respect to the Assets; and

- (d) subject to the Permitted Encumbrances, the Assets shall be conveyed to the Purchaser free and clear of all right, title, and interest of the Vendor and those claiming through the Vendor by virtue of the Court Approval.

ARTICLE 11 CLOSING DELIVERIES

11.1 Vendor Closing Deliveries

At the Closing Date, the Vendor shall table and deliver to Vendor's Counsel the following:

- (a) a certified copy of the Court Approval;
- (b) a duly executed certificate of a senior officer of the Vendor substantially in the form attached hereto as Schedule C dated as of the Closing Date;
- (c) a receipt for the Closing Payment duly executed by the Vendor;
- (d) the General Conveyance, fully executed by the Vendor; and
- (e) the Conveyance Documents, in accordance with Section 12.1(a), fully executed by the Vendor; and
- (f) such other items as may be specifically required hereunder or as may be reasonably requested by the Purchaser.

11.2 Purchaser's Closing Deliveries

At the Closing Date, the Purchaser shall table and deliver to Vendor's Counsel the following:

- (a) the Closing Payment;
- (b) a duly executed certificate of a senior officer of the Purchaser substantially in the form attached hereto as Schedule C dated as of the Closing Date;
- (c) the General Conveyance, fully executed by the Purchaser; and
- (d) the Conveyance Documents, in accordance with Section 12.1(a), fully executed by the Purchaser; and
- (e) such other items as may be specifically required hereunder or as may be reasonably requested by the Vendor.

11.3 Deliveries

The Vendor shall deliver or cause to be delivered to the Purchaser within a reasonable period of time, but in any event, no later than ten (10) days following Closing, the original copies of the Title

and Operating Documents and any other agreements and documents in its possession related to the Assets and the original copies of contracts, agreements, records, books, documents, licenses, reports and data included in the Miscellaneous Interests which are now in the possession of the Vendor. Notwithstanding the foregoing, if and to the extent such contracts, agreements, records, books, documents, licenses, reports and data also pertain to a greater degree to interests other than the Assets, at the Vendor's expense, photocopies or other copies may be provided to the Purchaser in lieu of original copies.

ARTICLE 12 CONVEYANCES AND TRANSFER

12.1 Conveyances

- (a) The Purchaser, at its own costs, shall prepare the Conveyance Documents prior to Closing and deliver the Conveyance Documents at Closing. To the extent that the Vendor is required to execute any Conveyance Documents, it shall do so and promptly return such Conveyance Documents to the Purchaser at Closing. The Purchaser shall, to the extent possible, be required to have such Conveyance Documents signed by Third Parties at or before the Closing Date. In respect of any Conveyance Documents that require execution by Third Parties, it shall be the Purchaser's sole risk and responsibility to obtain such executions. The Vendor shall co-operate with the Purchaser and provide such reasonable assistance that the Purchaser may reasonably request in connection with the Purchaser's procurement of the execution of such Conveyance Documents by Third Parties.
- (b) The Parties agree that certain assignments may be in the form of electronic transfers including Regulator well license transfers and agree that such assignments will be completed on the Closing Date.
- (c) The Purchaser shall promptly register in the applicable registry all registerable transfers and conveyances of its interests in the Assets and the Vendor shall make application to all applicable Government Authorities to change the recorded name of all Wells and Tangibles forming part of the Assets. Except as otherwise expressly stated herein, all costs, fees and deposits of every nature and kind incurred in distributing and registering any Conveyance Document and in providing any assurances or security required to convey, transfer and assign the Assets to the Purchaser, and to have the Purchaser recognized as the holder thereof shall be borne by the Purchaser.

12.2 License and Authorization Transfers

- (a) On the Closing Date, the Vendor shall prepare and electronically submit a transfer application to the relevant Government Authority for the transfer of any Permits pertaining to Wells and Tangibles which are held in the name of the Vendor and the Purchaser shall promptly accept such transfer applications of the Vendor for registration in accordance with Section 12.1(c).
- (b) Should the relevant Government Authority deny any license transfer because of misdescription or other minor deficiencies in the application, the Vendor shall, within two (2) Business Days, correct the transfer application and amend and

re-submit an application for the license transfers and the Purchaser shall electronically confirm such application.

- (c) For certainty, the risk and responsibility for all license transfers, similar authorizations and Purchaser Consents will remain at all times with the Purchaser.

ARTICLE 13 LIABILITIES AND INDEMNITIES

13.1 Purchaser's Indemnity

If Closing occurs the Purchaser shall, without any further necessary action on the part of the Vendor or the Purchaser:

- (a) be liable to the Vendor for; and
- (b) as a separate covenant, save and hold harmless and indemnify the Vendor and Vendor Entity from and against;

all Losses and Liabilities suffered, sustained, paid or incurred by any of them as a consequence of any representations or warranties contained in Section 10.3 being untrue or incorrect or of a breach by the Purchaser of any of its covenants contained in this Agreement that are to be performed or complied with at or prior to the Closing Date.

13.2 Future Obligations

If Closing occurs, the Purchaser shall assume, pay, discharge and be liable for all Losses and Liabilities suffered, sustained, paid or incurred by the Vendor or Vendor Entity, and, in addition and as an independent covenant, shall defend, indemnify and save harmless the Vendor and Vendor Entity from and against all Losses and Liabilities suffered, sustained, paid or incurred by it and all Claims made against them; which, in either case, arise out of any matter or thing occurring, accruing or arising on and after the Effective Time and which relates to the Assets (excluding any Losses and Liabilities or Claims that pertain to any Environmental Liabilities, which shall be dealt with under Section 13.3).

13.3 Environmental Indemnity

- (a) The Purchaser acknowledges that it:
 - (i) is familiar with the condition of the Assets, including the past and present use of the Assets, and it has been provided with the right and the opportunity to conduct due diligence investigations with respect to existing or potential Environmental Liabilities pertaining to the Assets; and
 - (ii) is not relying upon any representation or warranty of the Vendor as to the condition, environmental or otherwise, of the Assets except as outlined in Section 10.1.
- (b) The Purchaser agrees that once Closing has occurred the Vendor shall have no liability whatsoever for any Environmental Liabilities. In this regard, once Closing

has occurred, the Purchaser shall, without any further necessary action on the part of the Vendor or the Purchaser :

- (i) be solely liable and responsible for all of the Vendor's Losses and Liabilities; and
- (ii) as a separate covenant, indemnify, save and hold the Vendor and Vendor Entity harmless from and against all Losses and Liabilities that may be brought against or which they or any one of them may suffer, sustain, pay or incur;

as a result of any act, omission, matter or thing related to any Environmental Liabilities arising, however and whenever arising or occurring, and the Purchaser shall assume, perform, pay and discharge all Environmental Liabilities. This liability and indemnity shall apply without limit and without regard to cause or causes, including the negligence, whether sole, concurrent, gross, active, passive, primary or secondary, or the wilful or wanton misconduct of the Vendor or the Purchaser or any other person or otherwise. The Purchaser acknowledges and agrees that it shall not be entitled to any rights or remedies as against the Vendor or any Vendor Entity under the common law or statute pertaining to any Environmental Liabilities, including the right to name the Vendor or any Vendor Entity as a 'third party' to any action commenced by any Person against the Purchaser. The Purchaser's indemnity obligation set forth in this Section 13.3(b) shall survive the Closing Date indefinitely.

13.4 No Merger

There shall not be any merger of any liability or indemnity hereunder in any assignment, conveyance, transfer or document delivered pursuant hereto notwithstanding any rule of law, equity or statute to the contrary and all such rules are hereby waived.

13.5 Access Indemnity

Regardless of whether Closing occurs or not, the Purchaser shall:

- (a) be liable to the Vendor for; and
- (b) as a separate covenant, save and hold harmless and indemnify the Vendor and Vendor Entity from and against,

all Losses and Liabilities suffered, sustained, paid or incurred by any of them as a consequence of any thing (whether an act of commission, omission, or otherwise) arising directly or indirectly from any review, inspection, or other step taken or conducted by the Purchaser or its Representatives pursuant to Section 7.1 hereof.

13.6 Holding of Indemnities

The Vendor will hold the indemnities contained in this Article 13 in trust on behalf of the Vendor Entity and may enforce the same on their behalf.

ARTICLE 14 TERMINATION

14.1 Grounds for Termination

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

- (a) prior to Court Approval, by mutual written agreement of the Vendor and the Purchaser; or
- (b) by either the Vendor or the Purchaser pursuant to the provisions of Sections 9.1 or 9.2, as applicable if the condition of Section 9.1(e) or Section 9.2(e), respectively, has not been met.

14.2 Effect of Termination

If this Agreement is terminated by the Vendor or the Purchaser as permitted under Section 14.1, then Article 15 and Section 20.2 shall remain in full force and effect following any such permitted termination.

ARTICLE 15 CONFIDENTIALITY, PUBLIC ANNOUNCEMENTS AND SIGNS

15.1 Confidentiality

Each Party agrees to keep in strict confidence:

- (a) subject to Section 15.2, all information regarding the terms of this Agreement; and
- (b) any information exchanged or received in connection with:
 - (i) the performance of due diligence by the Purchaser prior to or after the date hereof (including due diligence conducted under or in connection with this Agreement); or
 - (ii) negotiation or drafting of this Agreement;

provided that, except as otherwise agreed by the Parties, a Party shall be entitled to disclose all information as may be required or desirable in connection with obtaining the Court Approval. The Parties agree that the Receiver will seek an order providing that this Agreement shall be filed with the Court on a confidential basis such that the Purchase Price, Purchase Price allocation and such other sensitive terms as the Parties may agree shall be temporarily sealed, kept confidential and not form part of the public record. If this Agreement is terminated, each Party upon request will promptly return to the other Party all documents, contracts, records or other information received by it that disclose or embody confidential information of the other Party.

15.2 Public Announcements

- (a) Subject to Section 14.2(b), if a Party intends to issue a press release or other public disclosure of this Agreement, the terms hereof or the Transaction post-Closing, the disclosing Party shall provide the other Party with an advance copy of any such

press release or other public disclosure with sufficient time to enable the other Party to review such press release or other public disclosure and provide its written consent to such press release or other public disclosure, not to be unreasonably withheld.

- (b) Notwithstanding Section 15.1 or 15.2(a), a Party may release or provide information about the Transaction insofar as is required by Applicable Laws (including as may be required to obtain Court Approval or any approvals required to be obtained to satisfy Section 8.2(d)) or stock exchange requirements applicable to the disclosing Party; *provided that* such disclosing Party shall make reasonable commercial efforts to provide the other Party with the details of the nature and substance of such required disclosure as soon as practicable and in any event prior to such disclosure. A Party may provide information about the Transaction to a bank or other financial institution to obtain financing on any required consent of the bank or other financial lender of such Party. A Party may also disclose such information pertaining to this Agreement, including the identity of the Parties, insofar as is required to enable such Party to fulfil its obligations under this Agreement, including obtaining any approvals or consents to the Transaction required from Government Authorities (including Court Approval) or Third Parties.

15.3 Signs

Within ninety (90) days following the Closing Date, the Purchaser shall remove the names of the Vendor and its predecessors from all signs located at or near the Wells or any Tangibles. If the Purchaser fails to comply with the foregoing, the Vendor shall have the right, at its discretion, to remove its name as aforesaid and the Purchaser shall be responsible for and shall reimburse the Vendor for all reasonable costs incurred by the Vendor in so doing.

ARTICLE 16 GOVERNING LAW AND DISPUTE RESOLUTION

16.1 Governing Law

This Agreement shall, in all respects, be subject to and be interpreted, construed and enforced in accordance with the laws in effect in the Province of Alberta and to the laws of Canada applicable therein (excluding any conflict of law rule or principle of such laws that might refer such interpretation or enforcement to the laws of another jurisdiction).

16.2 Resolution of Disputes

- (a) Each Party hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Court, and waives any defences it might have regarding jurisdiction in any action or proceeding arising out of or relating to this Agreement or any ancillary agreement to which it is a Party, or for recognition or enforcement of any judgment in respect thereof, and each Party hereto hereby irrevocably and unconditionally agrees that all Claims in respect of any such action or proceeding may be heard and determined by the Court.
- (b) Each Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this

Agreement or any ancillary agreement to which it is a Party in any court of competent jurisdiction in the Province of Alberta. Each of the Parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defence of an inconvenient forum to the maintenance of such action or proceeding in any such court.

ARTICLE 17 NOTICES

17.1 Service of Notices

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

the Purchaser : [Purchaser]

Attention: _____

Email: _____

the Vendor:

Hudson and Company Insolvency Trustees Inc.
625, 11th Avenue S.W.
Calgary, AB T2R 0E1

Attention: Stefan DuChene
Email: sduchene@hudsoninc.ca

with a copy to: Dentons Canada LLP
Legal Counsel to the Vendor
1500, 850, 2nd Street SW
Calgary, AB T2P 0H8

Attention: Derek Pontin
Email: derek.pontin@dentons.com

Any of the Parties may from time to time change its address for service herein by giving written notice to the other. Any notice may be served by personal service upon the above person specified by a Party, or if no person is specified, upon any officer of a Party, by mailing the same by prepaid post in a properly addressed envelope addressed to the Party at its respective address for service hereunder, or by email to such Party at the email address specified hereunder. Any notice personally served upon an office or the person specified by a Party, as the case may be, shall be deemed to be given on the date of such service, any notice served by mail shall be deemed to be given to and received by the addressee on the fourth Business Day, after the mailing thereof and any notice given by email shall be deemed to be given and received on the day when it is sent, if it is sent during normal business hours (8:00 a.m. to 4:00 p.m.) and, otherwise, on the next following normal Business Day. No notices shall be served by mail during times of interruption or threat of interruption of mail service due to strikes, lockout or other causes.

**ARTICLE 18
PERSONAL INFORMATION**

18.1 Personal Information

The Purchaser covenants and agrees to use and disclose any personal information contained in any of the books, records or files transferred to the Purchaser or otherwise obtained by the Purchaser in connection with the Transaction only for those purposes for which it was initially collected from or in respect of the individual to which such information relates or as otherwise permitted or authorized by Applicable Law. The Purchaser's obligations set forth in this Section 18.1 shall survive the Closing Date indefinitely.

**ARTICLE 19
ASSIGNMENT**

19.1 Assignment

- (a) Neither Party may assign their interest in or under this Agreement or to the Assets prior to Closing without the prior written consent of the other Party, which consent may be withheld in such other Party's sole and unfettered discretion.
- (b) No assignment, transfer, or other disposition of this Agreement or the Assets or any portion of the Assets shall relieve the Purchaser from its obligations to the Vendor herein. The Vendor shall have the option to claim performance or payment of the obligations from the Purchaser or the assignee or transferee, and to bring proceedings in the event of default against either or all of them, provided that nothing herein shall entitle the Vendor to receive duplicate performance or payment of the same obligation.

**ARTICLE 20
MISCELLANEOUS**

20.1 Remedies Cumulative

No failure on the part of any Party to exercise any right or remedy will operate as a waiver thereof. A Party will not be precluded from exercising any right available to it at law, equity or by statute because of its exercise of any single or partial right, and a Party may exercise any such remedies independently or in combination.

20.2 Costs

Except as otherwise specified in this Agreement, each Party shall pay its respective costs incurred in connection with the preparation, negotiation and execution of this Agreement and the consummation of the Transaction.

20.3 No Waiver

No waiver by any Party of any breach of any of the terms, conditions, representations or warranties in this Agreement shall take effect or be binding upon that Party unless the waiver is expressed in writing under the authority of that Party and any waiver so given shall extend only

to the particular breach so waived and shall not limit or affect any rights with respect to any other or future breach.

20.4 Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof, and the Parties agree and confirm that this Agreement cancels and supersedes any prior understandings and agreements between the Parties hereto with respect to the subject matter hereof; *provided, however*, that the terms and conditions of the Confidentiality Agreement, made between the Parties on _____, shall remain in full force and effect in accordance with its terms. No modification of or amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by the Parties and, after Court Approval, in writing and duly executed by the Vendor and the Purchaser.

20.5 Further Assurances

From time to time, as and when reasonably requested by the other Party, a 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 Transaction, provided such documents, instruments or actions are consistent with the provisions of this Agreement. 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.

20.6 Time of the Essence

Time shall be of the essence in this Agreement.

20.7 Enurement

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

20.8 Severability

In the 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.

20.9 Independent Legal Advice

Each of the Parties to this Agreement acknowledges that it has had the time and opportunity to obtain independent legal advice with respect to the execution of this Agreement, or has waived that opportunity, and each of the Parties to this Agreement has read, understands and agrees with all of the terms and conditions contained in this Agreement.

20.10 Counterpart Execution

This Agreement may be executed in counterpart and all executed counterparts together shall constitute one agreement. This Agreement shall not be binding upon any Party unless and until executed by all Parties.

20.11 Electronic Execution

Delivery of an executed signature page to this Agreement by any Party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by any Party.

[Remainder of page intentionally left blank]

The Parties have executed this Agreement as of the date first above written.

HUDSON AND COMPANY INSOLVENCY TRUSTEES INC., in its capacity as court-appointed receiver and manager of **PETROCAPITA OIL AND GAS L.P., PETROCAPITA G.P. I LTD., PETROCAPITA PROCESSING L.P.** and **PETROCAPITA G.P. II LTD.,** and not in its personal or corporate capacity **[PURCHASER]**

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

*[This is the execution page to the Asset Purchase Agreement dated as of _____, 2019 between **HUDSON AND COMPANY INSOLVENCY TRUSTEES INC.,** in its capacity as court-appointed receiver and manager of **PETROCAPITA OIL AND GAS L.P., PETROCAPITA G.P. I LTD., PETROCAPITA PROCESSING L.P.** and **PETROCAPITA G.P. II LTD.,** and not in its personal or corporate capacity, and **[PURCHASER]]***

SCHEDULE A

Attached to and made a part of that Asset Purchase Agreement dated as of _____, 2019 between **HUDSON AND COMPANY INSOLVENCY TRUSTEES INC.**, in its capacity as court-appointed receiver and manager of **PETROCAPITA OIL AND GAS L.P.**, **PETROCAPITA G.P. I LTD.**, **PETROCAPITA PROCESSING L.P.** and **PETROCAPITA G.P. II LTD.**, and not in its personal or corporate capacity, and **[PURCHASER]**.

_____, Area, AB/Sask

Part 1 - Lands, Leases and Permits

Part 2 –Wells

_____, Area, AB/Sask

Part 3 – Petroleum and Natural Gas Rights
(refer to Part 1 – Lands, Leases and Permits)

Part 4 – Facilities

Part 5 – Other Assets

Any additional assets or files associated with the land, wells, mineral rights, and facilities that have been identified above.

_____, Area, AB/Sask

**SCHEDULE B
GENERAL CONVEYANCE**

Attached to and made a part of that Asset Purchase Agreement dated as of _____, 2019 between **HUDSON AND COMPANY INSOLVENCY TRUSTEES INC.**, in its capacity as court-appointed receiver and manager of **PETROCAPITA OIL AND GAS L.P.**, **PETROCAPITA G.P. I LTD.**, **PETROCAPITA PROCESSING L.P.** and **PETROCAPITA G.P. II LTD.**, and not in its personal or corporate capacity, and **[PURCHASER]**

GENERAL CONVEYANCE

This General Conveyance made this _____, 2019.

BETWEEN:

HUDSON AND COMPANY INSOLVENCY TRUSTEES INC., a body corporate, having an office in the City of Calgary in the Province of Alberta, in its capacity as court-appointed receiver and manager of **PETROCAPITA OIL AND GAS L.P.**, a limited liability partnership formed under the laws of the Province of Alberta, **PETROCAPITA G.P. I LTD.**, a body corporate, having an office in the City of Calgary, **PETROCAPITA PROCESSING L.P.**, a limited liability partnership formed under the laws of the Province of Alberta, and **PETROCAPITA G.P. II LTD.**, a body corporate, having an office in the City of Calgary (together, "**Petrocapita**"), and not in its personal or corporate capacity, (the "**Vendor**")

- and -

[PURCHASER], a corporation incorporated under the Province of Alberta, a body corporate, having an office in the City of Calgary in the Province of Alberta (the "**Purchaser**")

WHEREAS the Vendor and the Purchaser entered into that Asset Purchase Agreement dated **[INSERT DATE]** (the "**Agreement**");

AND WHEREAS the Vendor has agreed to sell and convey Petrocapita's entire right, title, estate and interest in the Assets to the Purchaser and the Purchaser has agreed to purchase and accept all of Petrocapita's rights, title, estate and interest in and to the Assets in accordance with the terms and conditions contained in the Agreement.

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:

1. Definitions

All capitalized terms not defined herein shall have the same meaning as set out in the Agreement.

2. Closing

The Vendor and the Purchaser each hereby certify that it has performed and satisfied all agreements and obligations that it was required to perform or satisfy pursuant to the Agreement on or prior to the date hereof, that the representations and warranties made by it as contained in the Agreement are true in all material respects at and as of the Effective Time and the Closing Date, that all closing conditions in its favour have either been satisfied or are hereby waived, and Closing is hereby completed.

3. "As is, Where is" Basis

The Assets are being purchased by the Purchaser on an "as is, where is" and "without recourse" basis and without representation or warranty of any nature, kind or description by the Vendor or its directors, officers, employees, agents or counsel other than provided for in the Agreement. Without limiting the generality of the foregoing, the Vendor makes no representation or warranty with respect to (a) the value of the Assets, (b) the quality or condition of the Assets or (c) the Vendor's compliance with any Applicable Laws pertaining to the Assets. The covenants, representations and warranties contained in the Agreement are incorporated herein as fully and effectively as if they were set out herein and there shall not be any merger of any covenant, representation or warranty contained in the Agreement by virtue of the execution and delivery hereof, any rule of law, equity or statute to the contrary notwithstanding.

4. Conveyance

The Vendor, for the consideration provided for in the Agreement, the receipt and sufficiency of which is acknowledged by the Vendor, hereby sells, assigns, transfers and conveys the entire right, title, benefit and interest of Petrocapita (whether absolute or contingent, legal or beneficial) in and to the Assets to the Purchaser, its successors and assigns, and the Purchaser purchases and accepts such interests from the Vendor, TO HAVE AND TO HOLD the same absolutely, subject to the terms of the Agreement, the Permitted Encumbrances and compliance with the terms of the Leases and all other Title and Operating Documents.

5. Effective Time

This General Conveyance and the transfer of title to and possession of Petrocapita's interest in and to the Assets will, subject to the terms of the Agreement, be effective as of the Closing Date.

6. Subordinate Document

This General Conveyance is executed and delivered by the Parties pursuant to the Agreement for the purposes of the provisions of the Agreement, and the terms hereof shall be read on conjunction with the terms of the Agreement. If there is a conflict between the provisions of the Agreement and this General Conveyance, the provisions of the Agreement shall prevail to the extent of the conflict.

7. Enurement

This General Conveyance enures to the benefit of and is binding upon the Parties and their respective administrators, monitors, receivers, successors and permitted assigns.

8. Further Assurances

Each Party shall, after the date of this General Conveyance, at the request of the other Party and without further consideration, do all further acts and execute and deliver all further documents which are reasonably required to perform and carry out the terms of this General Conveyance.

9. Governing Law

This General Conveyance will be governed by and construed in accordance with the laws of the Province of Alberta.

The Parties have duly executed this General Conveyance.

HUDSON AND COMPANY INSOLVENCY TRUSTEES INC., in its capacity as court-appointed receiver and manager of **PETROCAPITA OIL AND GAS L.P., PETROCAPITA G.P. I LTD., PETROCAPITA PROCESSING L.P.,** and **PETROCAPITA G.P. II LTD.,** and not in its personal or corporate capacity **[PURCHASER]**

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

**SCHEDULE C
OFFICER'S CERTIFICATE**

Attached to and made a part of that Asset Purchase Agreement dated as of _____, 2019 between **HUDSON AND COMPANY INSOLVENCY TRUSTEES INC.**, in its capacity as court-appointed receiver and manager of **PETROCAPITA OIL AND GAS L.P., PETROCAPITA G.P. I LTD., PETROCAPITA PROCESSING L.P. and PETROCAPITA G.P. II LTD.**, and not in its personal or corporate capacity, and **[PURCHASER]**

PURCHASER'S OFFICER'S CERTIFICATE

Re: Section 9.1(a) of the Asset Purchase Agreement ("**Agreement**") dated as of [●], 2019, between **HUDSON AND COMPANY INSOLVENCY TRUSTEES INC.** in its capacity as court-appointed receiver and manager of **PETROCAPITA OIL AND GAS L.P., PETROCAPITA G.P. I LTD., PETROCAPITA PROCESSING L.P. and PETROCAPITA G.P. II LTD.**, and not in its personal or corporate capacity, as the Vendor, and **[PURCHASER]** as the Purchaser

Unless otherwise stated, the definitions provided for in the Agreement are adopted in this Certificate.

I, _____, President, hereby certify on behalf of the Purchaser and not in any personal capacity that:

1. Each of the representations and warranties of the Purchaser contained in Section 10.3 of the Agreement is true and correct in all material respects as of the Closing Date.
2. All Closing conditions for the benefit of the Purchaser, pursuant to Section 9.2 of the Agreement, have been satisfied or waived.
3. This Certificate is made for and on behalf of the Purchaser and is binding upon it, and I am not incurring and will not incur any personal liability whatsoever with respect to it.
4. This Certificate is made with full knowledge that the Vendor is relying on the same for the Closing of the Transaction.

Dated _____, 2019.

[PURCHASER]

Per: _____
Name: _____
Title: _____

VENDOR'S OFFICER'S CERTIFICATE

Re: Section 9.2(a) of the Asset Purchase Agreement ("**Agreement**") dated as of [●], 2019, between **HUDSON AND COMPANY INSOLVENCY TRUSTEES INC.** in its capacity as court-appointed receiver and manager of **PETROCAPITA OIL AND GAS L.P., PETROCAPITA G.P. I LTD., PETROCAPITA PROCESSING L.P. and PETROCAPITA G.P. II LTD.**, and not in its personal or corporate capacity, as the Vendor, and **[PURCHASER]** as the Purchaser

Unless otherwise stated, the definitions provided for in the Agreement are adopted in this Certificate.

I, [●], **[Insert Position]**, hereby certify on behalf of the Vendor, in its capacity as Receiver and not in its personal or corporate capacity, that:

5. Each of the representations and warranties of the Vendor contained in Section 9.1 of the Agreement is true and correct in all material respects as of the Closing Date.
6. All Closing conditions for the benefit of the Vendor, pursuant to Section 8.1 of the Agreement, have been satisfied or waived.
7. This Certificate is made for and on behalf of the Vendor and is binding upon it, and I am not incurring and will not incur any personal liability whatsoever with respect to it.
8. This Certificate is made with full knowledge that the Purchaser is relying on the same for the Closing of the Transaction.

Dated _____, 2019.

HUDSON AND COMPANY INSOLVENCY TRUSTEES INC., in its capacity as court-appointed receiver and manager of **PETROCAPITA OIL AND GAS L.P., PETROCAPITA G.P. I LTD., PETROCAPITA PROCESSING L.P., and PETROCAPITA G.P. II LTD.**, and not in its personal or corporate capacity

Per: _____
Name: _____
Title: _____

**SCHEDULE D
FORM OF COURT ORDER**

Attached to and made a part of that Asset Purchase Agreement dated as of _____, 2019 between **HUDSON AND COMPANY INSOLVENCY TRUSTEES INC.**, in its capacity as court-appointed receiver and manager of **PETROCAPITA OIL AND GAS L.P.**, **PETROCAPITA G.P. I LTD.**, **PETROCAPITA PROCESSING L.P.** and **PETROCAPITA G.P. II LTD.**, and not in its personal or corporate capacity, and **[PURCHASER]**

[NTD: FORM OF COURT ORDER, TO BE ADDED]

**SCHEDULE E
MATERIAL CONTRACTS**

Attached to and made a part of that Asset Purchase Agreement dated as of _____, 2019 *between* **HUDSON AND COMPANY INSOLVENCY TRUSTEES INC.**, in its capacity as court-appointed receiver and manager of **PETROCAPITA OIL AND GAS L.P.**, **PETROCAPITA G.P. I LTD.**, **PETROCAPITA PROCESSING L.P.** and **PETROCAPITA G.P. II LTD.**, and not in its personal or corporate capacity, *and* **[PURCHASER]**

[INTD: MATERIAL CONTRACT SCHEDULE, TO BE ADDED]

**SCHEDULE F
WHITEMAP AREA**

Attached to and made a part of that Asset Purchase Agreement dated as of _____, 2019 between **HUDSON AND COMPANY INSOLVENCY TRUSTEES INC.**, in its capacity as court-appointed receiver and manager of **PETROCAPITA OIL AND GAS L.P.**, **PETROCAPITA G.P. I LTD.**, **PETROCAPITA PROCESSING L.P.** and **PETROCAPITA G.P. II LTD.**, and not in its personal or corporate capacity, and **[PURCHASER]**

[INTD: WHITEMAP AREA SCHEDULE, TO BE ADDED]

_____, Area, AB/Sask

Appendix F

**IN THE MATTER OF THE RECEIVERSHIP OF
PETROCAPITA OIL AND GAS L.P., et al.
Hudson & Company Insolvency Trustees Inc., Receiver
Statement of Receipts and Disbursements
For the period of June 11, 2019 to April 23, 2020**

RECEIPTS	Totals
Operating receipts - sale of oil and related products	\$ 1,479,791.64
Net of joint-interest-billings	<u>49,358.11</u>
Net oil sale receipts	1,430,433.53
Accounts receivable collections	312,118.21
GST collected	89,476.87
Fund on hand at date of receivership	50,602.84
GST refund	37,246.16
TOTAL RECEIPTS	<u>\$ 1,919,877.61</u>
DISBURSEMENTS	
Outside consulting, including staffing, wellsite operators, etc.	402,146.12
Operating expenses (well maintenance, supplies, etc.)	393,750.77
Other disbursements incl. royalties, GORR's, surface rentals, etc.	258,934.99
Receiver's fees and costs to February 29, 2020	191,829.00
Insurance - paid through December 31, 2020	128,928.00
Transport and trucking costs	116,350.74
Legal fees and costs to February 29, 2020	81,531.04
Occupation rent	49,731.75
GST remitted to CRA	40,028.54
GST paid on disbursements	21,959.58
GST on Receiver's fees and costs	9,591.48
PST paid on disbursements	6,147.21
GST on legal fees and costs	4,073.18
Other administrative costs	3,549.05
TOTAL DISBURSEMENTS	<u>\$ 1,708,551.45</u>
Excess of Receipts over Disbursements/ Remaining Funds on Hand	<u>\$ 211,326.16</u>