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PROCEEDING	IN THE MATTER OF THE BANKRUPTCY OF OAN RESOURCES LTD.
DOCUMENT	FIRST REPORT OF THE TRUSTEE, HARDIE & KELLY INC. MARCH 16, 2020
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	TRUSTEE Hardie & Kelly Inc. 110, 5800 - 2 nd Street SW Calgary, AB T2H 0H2 Attention: Marc Kelly Telephone: 403-536-8510 Email: mkelly@insolvency.net Fax: 403-640-0591 TRUSTEE'S COUNSEL Bennett Jones LLP 4500 Bankers Hall East 855 - 2 nd Street SW Calgary, Alberta T2P 4K7 Attention: Chris Simard / Keely Cameron Telephone: 403-298-4485 / 403-298-3324 Email: simardc@bennettjones.com/ cameronk@bennettjones.com Fax: 403-265-7219 File No.: 58368.12

**FIRST REPORT OF THE TRUSTEE
HARDIE & KELLY INC.
MARCH 16, 2020**

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INTRODUCTION

1. On June 14, 2019, OAN Resources Ltd. (“**OAN**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (the “**NOI**”) pursuant to the *Bankruptcy & Insolvency Act* (the “**BIA**”). Hardie & Kelly Inc. (“**H&K**”) consented to act as the trustee pursuant to the proposal (the “**Proposal Trustee**”).
2. On July 8, 2019, the Court of Queen’s Bench of Alberta (“the “**Court**”) granted an Order extending the time in which the Company must file a proposal to its creditors (“**Proposal**”) to August 28, 2019, along with an extension of the Stay of Proceedings (the “**Stay**”) afforded the Company pursuant to Section 69 of the BIA.
3. On August 26, 2019, the Court granted another Order further extending the time in which the Company must file a Proposal along with a corresponding further extension of the Stay to October 12, 2019.
4. The Company was unable to file a proposal by the October 12, 2019 deadline (the “**Filing Deadline**”) such that pursuant to the terms of the BIA, OAN was deemed to have made an assignment into bankruptcy on October 13, 2019 (the “**Date of Bankruptcy**”). H&K was appointed as the trustee (the “**Trustee**”) of the bankrupt estate (the “**Estate**”).
5. The First Meeting of Creditors (the “**FMOC**”) was held on November 8, 2019, at which time the appointment of H&K as the Trustee was affirmed and one estate inspector was appointed (the “**Inspector**”).
6. The purpose of this first report (the “**First Report**”) is to provide the Court with information in respect of the following:
 - a. Background information with respect to the Company;
 - b. The activities of the Trustee since the Date of Bankruptcy;
 - c. Information with respect to the claims filed by creditors to date;
 - d. Details of the sales process initiated by the Trustee and the results thereon;

- e. Details of the offer received to acquire all of OAN's petroleum and natural gas assets (the "**PNG Assets**") and the Receiver's recommendation thereon; and
- f. The Trustee's Statement of Receipts and Disbursements since the Date of Bankruptcy.

TERMS OF REFERENCE

- 7. In preparing this First Report, the Trustee has relied upon unaudited financial information, available books and records of the Company and information provided to it by its operational consultant, Veracity Energy Services Ltd. ("**Veracity**"), (collectively referred to as the "**Information**"). The Trustee has not performed an audit, review or otherwise attempted to verify the accuracy or completeness of the Information.

COMPANY BACKGROUND

- 8. OAN was a private company with 36 shareholders headquartered in Calgary, Alberta that was incorporated pursuant to the laws of the Province of Alberta in November 2017.
- 9. The Company carried on business as a producer of oil and gas. Specifically, the PNG Assets of OAN are petroleum and natural gas leases, located in the Panny River area in Northern Alberta. OAN has 100% working interest in 36 sections of land and operates six oil wells in the Panny River area of Alberta and is the operator of record with the Alberta Energy Regulator (the "**AER**") in respect of these wells. OAN's average monthly oil production prior to the Date of Bankruptcy was in the region of 65 bbls/day.
- 10. OAN did not have any employees as its business was managed by several full-time and part-time consultants ("**Management**"), who provided consulting services on a month-to-month basis. The PNG Assets had been operated by Crimson Oil & Gas td. ("**Crimson**") acting in the capacity as a contract operator on behalf of OAN.

11. Upon Management determining that it would not be feasible to file a Proposal by the Filing Deadline, Management saw to the shutting-in of production shortly before the Date of Bankruptcy. The Trustee did not restart production as it did not have the necessary funding available to do so and was not in a position to assume any financial risk.

ACTIVITIES OF THE TRUSTEE

12. Since the Date of Bankruptcy, the Trustee's activities have included, but are not limited to, the following:
 - a. Engaged Veracity as its oil and gas operational consultant to supervise the field, provide accounting and administrative functions and to assist with the Trustee's sales process;
 - b. Attended at the Company's head office and met with Management to discuss the transition of responsibility to the Trustee;
 - c. Froze the Company's bank accounts, secured the existing funds in the accounts and made arrangements to establish the accounts as "for deposit only";
 - d. Communicated with the AER regarding the care and custody of OAN's PNG Assets;
 - e. Confirmed ongoing insurance arrangements;
 - f. Notified known creditors of the bankruptcy and chaired the FMOC;
 - g. Dealt with numerous inquiries from creditors;
 - h. Posted the relevant documents associated with the bankruptcy proceeding on the Trustee's website (the "**Trustee's Website**") at <https://relieffromdebt.ca/oan-resources-ltd/>; and
 - i. With the approval of the Inspector, developed a sales process for OAN's assets as discussed in greater detail later in this First Report.

CREDITORS

13. During the NOI proceedings, the Company classified the composition of its creditors as of the Filing Date as follows:

- Secured - 22 debenture holders (the “**Debenture Holders**”) totalling \$3.3 Million plus accrued interest;
- Unsecured - 79 creditors totalling approximately \$2.9 Million.

14. As of the date of this First Report, a summary of the claims filed with the Trustee is as follows:

Secured

- Three debenture holders with claims totalling approximately \$1.96 Million;
- MD of Opportunity No. 17 (the “**MD**”) in relation to property taxes in the amount of \$4,400.29; and
- Aero Rental Services (“**Aero**”) on account of a lien in the amount of \$12,609.89.

Unsecured

- 16 creditors with amounts owed totalling approximately \$621,000.

15. During the NOI proceedings, the Proposal Trustee had obtained an independent legal opinion confirming the validity and enforceability of the security held by the Debenture Holders.

16. The Trustee intends on directing its counsel to review the claims of the MD and Aero subsequent to the closing of a sale of the ONG Assets.

SALES PROCESS

17. With the approval of the Inspector, the Trustee engaged Sayer Energy Advisors (“**Sayer**”) as its sales agent to administer a public sales process in respect of the PNG Assets.
18. A summary of the marketing undertaken by Sayer in accordance with the Sales Procedure is as follows:
 - a. The public marketing process commenced on January 8, 2020. At that time an information brochure (the “**Brochure**”) prepared by Sayer was mailed to approximately 700 parties;
 - b. A copy of the Brochure along with corresponding maps and summary information was placed on Sayer’s website. Sayer advises that throughout the marketing process, the Brochure was downloaded a total of 319 times which Sayer advises is a high number of downloads for an offering of this nature;
 - c. On January 13, 2020, approximately 2,100 additional parties from a separate Sayer distribution list received an electronic copy of the Brochure by email;
 - d. Advertisements relating to the opportunity were also placed in *A&D Watch* and *Energy Advisors Group*, in an attempt to reach new parties not currently on Sayer’s mail or email distribution lists in Canada and the United States;
 - e. An advertisement was also placed in Sayer’s *Canadian Oil Industry Asset Sale Listing* during the entire marketing process; and
 - f. The opportunity was also posted on the Trustee’s Website.

19. 18 parties ultimately executed Confidentiality Agreements which Sayer advises is a relatively high number for a divestiture of this nature.
20. Notwithstanding the extensive marketing efforts as detailed above, only one nominal offer was received by the established bid deadline of February 13, 2020, which was submitted by Crimson (the “**Proposed Transaction**”) for all of the PNG Assets.
21. In light of no other options being available, the Trustee and Crimson negotiated a Purchase and Sale Agreement (the “**PSA**”), a copy of which is attached as **Appendix “A”** to this First Report. The key terms of the PSA are as follows:
 - a. Cash offer of \$10,000 for all of the PNG Assets;
 - b. Deposit of \$1,000 being 10% of the quantum of the offer; and
 - c. Subject to Court approval.

TRUSTEE’S ASSESSMENT OF OFFER

22. As evidenced by the lack of any competing offers after an extensive marketing process, it appears the marketplace has minimal interest in the PNG Assets. With limited alternatives otherwise available, the Trustee believes it is important that the Proposed Transaction be approved and close as quickly as practically possible in order to limit the ongoing expenses of the Estate.
23. Notwithstanding there was only one offer received, the Trustee believes that the Proposed Transaction is in the best interest of all stakeholders for the following reasons:
 - a. The Proposed Transaction was generated from a widely advertised public sales process;
 - b. The Trustee’s sales advisor, Sayer, is regarded as a well respected sales advisor in the marketplace and has executed many insolvency related engagements on behalf of Trustees and Receivers;

- c. The Proposed Transaction contemplates the acquisition of all of OAN's PNG Assets leaving no properties behind that might otherwise have had to fall under the care and custody of the AER and or Orphan Well Association;
- d. The proposed transaction is generally not subject to any material conditions other than Court approval;
- e. The Trustee believes that the PSA was negotiated in good faith and is commercially reasonable in the circumstances; and
- f. The Inspector is supportive of the Proposed Transaction.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

- 24. Attached as **Appendix "B"** is a copy of the Trustee's Statement of Receipts and Disbursements as at March 16, 2020 indicating the Trustee maintains approximately \$98,000 in its operational trust account.
- 25. In the even the PSA is approved by this Honourable Court and the Proposed Transaction closes, the Trustee does not propose to make any distributions to creditors pending the completion of a legal assessment of the secured claims filed by the MD and Aero and the possible issuance of *Notices Requiring Person to Prove Claim* if deemed to be warranted.

RECOMMENDATION

- 26. For the reasons set out in this First Report, the Trustee will be seeking and recommends to this Honourable Court that the PSA be approved.

All of which is respectfully submitted this 16th day of March 2020.

Hardie & Kelly Inc.
in its capacity as Trustee of the Estate of OAN Resources Ltd.
and not in its personal capacity

Per:



Marc Kelly
Senior Vice President

APPENDIX “A”

PURCHASE AND SALE AGREEMENT

(i) THIS AGREEMENT made as of the • day of March, 2020,

BETWEEN:

HARDIE & KELLY INC., solely in its capacity as the Trustee of **OAN RESOURCES LTD.** and not in its personal or corporate capacity (hereinafter referred to as "**Vendor**")

- and -

CRIMSON ENERGY LTD., a corporation incorporated under the laws of Alberta (hereinafter referred to as "**Purchaser**")

WHEREAS OAN Resources Ltd. ("**OAN**") was deemed to have made an assignment into bankruptcy as of October 16, 2019 and Hardie and Kelly Inc. ("**Trustee**") was appointed as Trustee of the bankrupt estate of OAN;

AND WHEREAS the Vendor wishes to sell, and the Purchaser wishes to purchase, all of the interest of the Vendor in and to the Assets, subject to and in accordance with the terms and conditions hereof;

NOW THEREFORE, THIS AGREEMENT WITNESSETH that in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the Parties have agreed as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires:

(a) "**Abandonment and Reclamation Obligations**" means all past, present and future obligations to:

- (i) abandon, shut-down, close, decommission, dismantle or remove any and all Wells and Tangibles, including all structures, foundations, buildings, pipelines, equipment and other facilities; and
- (ii) restore, remediate and reclaim the surface and subsurface locations of the Wells and the Tangibles and any lands used to gain access thereto, and including the remediation, restoration and reclamation of any other surface and sub-surface lands affected by any environmental damage, contamination or other environmental issues emanating from or relating to the sites for the Wells or the Tangibles;

all in accordance with generally accepted oil and gas industry practices and in compliance with all Applicable Laws;

(b) "**AER**" means the Alberta Energy Regulator;

(c) "**Affiliate**" means, with respect to any Person, any other Person or group of Persons acting in concert, directly or indirectly, that controls, is controlled by or is under common

control with such Person. The term "control" as used in the preceding sentence means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person whether through ownership or more than fifty percent (50%) of the voting securities of such Person, by contract or otherwise;

- (d) **"Applicable Law"** means, in relation to any person, property or circumstance, all laws, statutes, rules, regulations, official directives and orders of Governmental Authorities (whether administrative, legislative, executive or otherwise), including judgments, orders and decrees of courts, commissions or bodies exercising similar functions, as amended, and includes the provisions and conditions of any permit, license or other governmental or regulatory authorization, that are in effect as at the relevant time and are applicable to such person, property or circumstance;
- (e) **"Assets"** means the Petroleum and Natural Gas Rights, the Tangibles, and the Miscellaneous Interests;
- (f) **"Business Day"** means a day other than a Saturday, a Sunday or a statutory holiday in Calgary, Alberta;
- (g) **"Court Order"** means an order to be granted by the Court, based on the Alberta form of Approval and Vesting Order as attached in Schedule "F", which authorizes, approves and confirms this Agreement and the sale of the Assets by Vendor to Purchaser in accordance with the terms and conditions contained herein, and vests beneficial title to the Assets in Purchaser free and clear of all encumbrances, liens, security interests or claims, other than Permitted Encumbrances;
- (h) **"Closing"** means the transfer of possession, beneficial ownership and risks of the Assets from the Vendor to the Purchaser, the exchange of Specific Conveyances and payment of the Purchase Price by the Purchaser to the Vendor; and all other items and considerations required to be delivered on the Closing Date pursuant hereto;
- (i) **"Closing Date"** means 10:00 a.m. on the day that is seven (7) Business Days after receipt of the Court Order; or such other time and date as may be agreed upon in writing by the Parties;
- (j) **"Closing Place"** means the office of the Trustee's counsel, or such other place as may be agreed upon in writing by the Parties;
- (k) **"Data Room Information"** means all information provided or made available to the Purchaser in hard copy or electronic form in relation to OAN and/or the Assets;
- (l) **"Date of Appointment"** means October 16, 2019;
- (m) **"Environmental Liabilities"** means all liabilities in respect of the environment which relate to the Assets or which arise in connection with the ownership thereof or operations pertaining thereto, including liabilities related to or arising from:
 - (i) transportation, storage, use or disposal of any substances;
 - (ii) release, spill, escape, emission, leak, discharge, migration or dispersal of any substances; or
 - (iii) pollution or contamination of or damage to the environment;

including liabilities to compensate Third Parties for damages and Losses resulting from the items described in items (i), (ii) and (iii) above (including damage to property,

personal injury and death) and obligations to take action to prevent or rectify damage to or otherwise protect the environment and, for purposes of this Agreement, "the environment" includes the air, the surface and subsurface of the earth, bodies of water (including rivers, streams, lakes and aquifers) and plant and animal life (including humans);

- (n) "**Facilities**" means Vendor's entire interest in and to all unit facilities under any unit agreement applicable to the Leased Substances and all other field facilities whether or not solely located on or under the surface of the Lands (or lands with which the Lands are pooled) and that are, or have been, used for production, gathering, treatment, compression, transportation, injection, water disposal, measurement, processing, storage or other operations respecting the Leased Substances, including any applicable battery, separator, compressor station, gathering system, pipeline, production storage facility or warehouse, including those field facilities specifically identified in Schedule "B";
- (o) "**General Conveyance**" means the form of general conveyance attached hereto as Schedule "D";
- (p) "**Governmental Authority**" means any federal, national, provincial, territorial, municipal or other government, any political subdivision thereof, and any ministry, sub-ministry, agency or sub-agency, court, board, bureau, office, or department, including any government-owned entity, having jurisdiction over a Party, the Assets or the Transaction;
- (q) "**GST**" means the goods and services tax payable pursuant to the GST Legislation;
- (r) "**GST Legislation**" means Part IX of the *Excise Tax Act*, R.S.C. 1985, c. E-15, as amended, and the regulations promulgated thereunder;
- (s) "**Lands**" means the lands set out and described in Schedule "A", and the Petroleum Substances within, upon or under such lands (subject to the restrictions and exclusions identified in Schedule "A" and in the Title Documents as to Petroleum Substances and geological formations);
- (t) "**Leased Substances**" means all Petroleum Substances, rights to or in respect of which are granted, reserved or otherwise conferred by or under the Title Documents (but only to the extent that the Title Documents pertain to the Lands);
- (u) "**Licence Transfers**" means, in relation to the Assets, the transfer of any permits, approvals, licences and authorizations granted by any applicable Governmental Authority (including the AER) from Vendor to Purchaser;
- (v) "**Losses**" means all losses, costs, claims, damages, expenses and liabilities which a Person suffers, sustains, pays or incurs, including reasonable legal fees on a solicitor and his own client basis but notwithstanding the foregoing shall not include any liability for indirect or consequential damages including business loss, loss of profit, economic loss, punitive damages or income tax liabilities, but shall include any liability for indirect or consequential damages including business loss, loss of profit, economic loss, punitive damages or income tax liabilities suffered, sustained, paid or incurred by a Third Party entitled to recovery or indemnification from a Person;
- (w) "**Miscellaneous Interests**" means, subject to any and all limitations and exclusions provided for in this definition, Vendor's entire interest in and to all property, assets, interests and rights pertaining to the Petroleum and Natural Gas Rights and the Tangibles (other than the Petroleum and Natural Gas Rights and the Tangibles), or either of them, but only to the extent that such property, assets, interests and rights pertain to the Petroleum and Natural Gas Rights and the Tangibles, or either of them, including any and all of the following:

- (i) all contracts and agreements relating to the Petroleum and Natural Gas Rights and the Tangibles, or either of them (including the Title Documents);
- (ii) all subsisting rights to carry out operations relating to the Lands or the Tangibles, and without limitation, all easements and other permits, licenses and authorizations pertaining to the Tangibles;
- (iii) rights to enter upon, use, occupy and enjoy the surface of any lands which are used or may be used to gain access to or otherwise use the Petroleum and Natural Gas Rights and the Tangibles, or either of them;
- (iv) all records, books, documents, licences, reports and data which relate to the Petroleum and Natural Gas Rights and the Tangibles, or either of them, including any servers or other computer hardware used to store any of the foregoing in electronic form;
- (v) the Wells, including the wellbores and any and all casing;

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

- (x) **"Party"** means a party to this Agreement, and **"Parties"** means both of them;
- (y) **"Permitted Encumbrances"** means:
 - (i) all encumbrances, overriding royalties, net profits interests and other burdens identified in Schedule "A";
 - (ii) any Right of First Refusal or any similar restriction applicable to any of the Assets;
 - (iii) the requirement to receive any consent applicable to the Transaction;
 - (iv) the terms and conditions of the Title Documents, including the requirement to pay any rentals or royalties to the grantor thereof to maintain the Title Documents in good standing and any royalty or other burden reserved to the grantor thereof or any gross royalty trusts applicable to the grantor's interest in any of the Title Documents;
 - (v) defects or irregularities of title as to which the relevant statute(s) of limitations or prescription would bar any attack or claim against Seller's title;
 - (vi) the right reserved to or vested in any grantor, Governmental Authority or other public authority by the terms of any Title Document or by Applicable Law to terminate any Title Document;
 - (vii) liens securing taxes not yet due and payable;
 - (viii) easements, right of way, servitudes or other similar rights in land, including rights of way and servitudes for highways, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone or cable television conduits, poles, wires or cables;

- (ix) taxes on Petroleum Substances or the income or revenue therefrom, unless specifically excluded and governmental restrictions on production rates from the Wells or on operations being conducted on the Lands or otherwise affecting the value of any of the Assets;
 - (x) agreements for the sale, processing, transmission or transportation of Petroleum Substances, which are terminable on not more than thirty (30) days' notice (without an early termination penalty or other cost);
 - (xi) any obligation of OAN or Vendor to hold any portion of its interest in and to any of the Assets in trust for Third Parties;
 - (xii) the right reserved to or vested in any municipality, Governmental Authority or other public authority to control or regulate any of the Assets in any manner, including any directives or notices received from any municipality, Governmental Authority or other public authority pertaining to the Assets;
 - (xiii) undetermined or inchoate liens incurred or created as security in favour of any Person with respect to the development or operation of any of the Assets, as regards Vendor's or OAN's share of the costs and expenses thereof which are not due or delinquent as of the date hereof or, if then due or delinquent are being contested in good faith by Vendor;
 - (xiv) the reservations, limitations, provisos and conditions in any grants or transfers from the Crown of any of the Lands or interests therein, and statutory exceptions to title;
 - (xv) agreements and plans relating to pooling or unitization of any of the Petroleum and Natural Gas Rights;
 - (xvi) agreements respecting the operation of Wells by contract field operators;
 - (xvii) provisions for penalties and forfeitures under agreements as a consequence of non-participation in operations; and
 - (xviii) liens granted in the ordinary course of business to a public utility, municipality or Governmental Authority with respect to operations pertaining to any of the Assets.
- (z) "**Person**" means any individual, corporation, limited or unlimited liability company, joint venture, partnership (limited or general), trust, trustee, executor, Governmental Authority or other entity;
- (aa) "**Petroleum and Natural Gas Rights**" means Vendor's entire interest in and to all rights to and in respect of the Leased Substances and the Title Documents (but only to the extent that the Title Documents pertain to the Lands), including the interests set out and described in Schedule "A";
- (bb) "**Petroleum Substances**" means any of crude oil, crude bitumen and products derived therefrom, synthetic crude oil, petroleum, natural gas, natural gas liquids, and any and all other substances related to any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including sulphur;
- (cc) "**Prime Rate**" means the rate of interest, expressed as a rate per annum, designated by the main branch in Calgary of the National 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;

- (dd) "**Representative**" means, with, respect to any Party, its Affiliates, and its and their respective directors, officers, servants, agents, advisors, employees and consultants;
- (ee) "**Rights of First Refusal**" means a preferential, pre-emptive or first purchase right that becomes operative by virtue of this Agreement or the Transaction;
- (ff) "**Sales Taxes**" means all transfer, sales, excise, stamp, license, production, value-added and other like taxes, assessments, charges, duties, fees, levies or other governmental charges of any kind, and includes additions by way of penalties, interest and other amounts with respect thereto, including GST;
- (gg) "**Specific Conveyances**" means all conveyances, assignments, transfers, novations and other documents or instruments that are reasonably required or desirable to convey, assign and transfer the interest of Vendor in and to the Assets to Purchaser and to novate Purchaser in the place and stead of Vendor with respect to the Assets;
- (hh) "**Tangibles**" means Vendor's entire interest in and to the Facilities and any and all tangible depreciable property and assets, if any, which are located within, upon or in the vicinity of the Lands and which are used or are intended to be used to produce, process, gather, treat, measure, make marketable or inject the Leased Substances or any of them, and any real property (other than the Lands);
- (ii) "**Third Party**" means any individual or entity other than Trustee, OAN, Vendor and Purchaser, including any partnership, corporation, trust, unincorporated organization, union, government and any department and agency thereof and any heir, executor, administrator or other legal representative of an individual;
- (jj) "**this Agreement**", "**herein**", "**hereto**", "**hereof**" and similar expressions mean and refer to this Agreement;
- (kk) "**Title Documents**" means, collectively, any and all certificates of title, leases, reservations, permits, licences, assignments, trust declarations, operating agreements, royalty agreements, gross overriding royalty agreements, participation agreements, farm-in agreements, sale and purchase agreements, pooling agreements and any other documents and agreements granting, reserving or otherwise conferring rights to (i) explore for, drill for, produce, take, use or market Petroleum Substances, (ii) share in the production of Petroleum Substances, (iii) share in the proceeds from, or measured or calculated by reference to the value or quantity of, Petroleum Substances which are produced, and (iv) rights to acquire any of the rights described in items (i) to (iii) of this definition; but only if the foregoing pertain in whole or in part to Petroleum Substances within, upon or under the Lands; including those, if any, set out and described in Schedule "A";
- (ll) "**Transaction**" means the transaction for the purchase and sale of the Assets as contemplated by this Agreement; and
- (mm) "**Wells**" means Vendor's entire interest in and to all producing, shut-in, suspended, abandoned, capped, injection and disposal wells on the Lands, including the wells listed in Schedule "B".

1.2 Headings

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

1.3 Interpretation Not Affected by Headings

The division of this Agreement into articles, sections, subsections, clauses, subclauses and paragraphs and the provision of headings for all or any thereof are for convenience and reference only and shall not affect the construction or interpretation of this Agreement.

1.4 Included Words

When the context reasonably permits, words suggesting the singular shall be construed as suggesting the plural and *vice versa*, and words suggesting gender or gender neutrality shall be construed as suggesting the masculine, feminine and neutral genders. The word "including" or any variation thereof means "including, without limitation," and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.

1.5 Schedules

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

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

Such schedules are incorporated herein by reference as though contained in the body hereof. Wherever any term or condition of such schedules conflicts or is at variance with any term or condition in the body of this Agreement, such term or condition in the body of this Agreement shall prevail.

1.6 Damages

All losses, costs, claims, damages, expenses and liabilities in respect of which a Party has a claim pursuant to this Agreement include reasonable legal fees and disbursements on a solicitor and client basis.

1.7 Derivatives

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

1.8 Interpretation if Closing Does Not Occur

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

1.9 Conflicts

If there is any conflict or inconsistency between a provision of the body of this Agreement and that of a Schedule or a Specific Conveyance, the provision of the body of this Agreement shall prevail. If any term or condition of this Agreement conflicts with a term or condition of a Title Document or any Applicable Law, the term or condition of such Title Document or the Applicable Law shall prevail, and this Agreement shall be deemed to be amended to the extent required to eliminate any such conflict.

1.10 Currency

All dollar (\$) amounts referenced in this Agreement are expressed in the lawful currency of Canada.

**ARTICLE 2
PURCHASE AND SALE AND CLOSING**

2.1 Purchase and Sale

Vendor, exercising the powers of sale granted under the *Bankruptcy and Insolvency Act*, hereby agrees to sell, assign, transfer, convey and set over to Purchaser, and Purchaser hereby agrees to purchase from Vendor, all of the right, title, estate and interest of Vendor (whether absolute or contingent, legal or beneficial) in and to the Assets subject to and in accordance with the terms of this Agreement.

2.2 Purchase Price

The aggregate consideration to be paid by Purchaser to Vendor for Vendor's interest in and to the Assets shall be \$10,000.00 (the "Purchase Price") plus applicable Sales Taxes, payable to Vendor at Closing.

2.3 Allocation of Purchase Price

The Parties shall allocate the Purchase Price as follows:

Petroleum and Natural Gas Rights	\$7,990.00
Tangibles	\$2000.00
Miscellaneous Interests	\$10.00
Total	\$10,000.00

2.4 Assumption of Abandonment and Reclamation Obligations

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

2.5 Closing

Closing shall take place at the Closing Place on the Closing Date if there has been satisfaction or waiver of the conditions of Closing herein contained. Subject to all other provisions of this Agreement, possession, risk and beneficial ownership of Vendor's interest in and to the Assets shall pass from Vendor to Purchaser on the Closing Date.

- (a) On the Closing Date, Vendor shall deliver to Purchaser:
 - (i) the General Conveyance in the form attached as Schedule "D", duly executed by Vendor;
 - (ii) the Officer's Certificate substantially in the form attached as Schedule "E", duly executed by Vendor;
 - (iii) a receipt for the Purchase Price as adjusted herein plus applicable Sales Taxes;
 - (iv) a certified copy of the Court Order; and
 - (v) any such other items as may be specifically required hereunder.
- (b) On the Closing Date, Purchaser shall deliver to Vendor:
 - (i) the General Conveyance in the form attached as Schedule "D", duly executed by Purchaser;
 - (ii) the Officer's Certificate substantially in the form attached as Schedule "E", duly executed by Purchaser;
 - (iii) the Purchase Price, plus applicable Sales Taxes; and
 - (iv) any such other items as may be specifically required hereunder.

2.6 Licence Transfers

- (a) To the extent applicable, within five (5) Business Days following Closing, Vendor shall prepare and, where applicable, electronically submit, an application to the applicable Governmental Authorities for Licence Transfers and Purchaser or its nominee shall, where applicable, electronically ratify and sign such application.
- (b) Following the submission of the applicable Licence Transfers as contemplated in section 2.6(a), Vendor shall hold legal title to the permits, approvals, licenses and authorizations relating to the Assets (the "Licences") in trust as bare trustee for and on behalf of Purchaser until such time as such Licence Transfers have been completed; provided, Purchaser shall (i) procure and maintain insurance in relation to the Assets in accordance with good industry practice and of the type, kind and amount satisfactory to Vendor (acting reasonably), which shall name Vendor as an insured in connection therewith; (ii) indemnify Vendor in relation to all losses, damages and claims suffered by Vendor in relation to the foregoing; and (iii) report to Vendor on a bi-weekly basis regarding the operating status of the Assets and immediately regarding any matters of actual or potential environmental concern in relation thereto. Notwithstanding anything to the contrary contained herein, the foregoing trust obligations of Vendor and the trust itself shall automatically cease and terminate upon the earlier to occur of ninety (90) days (or such longer period as may be mutually agreed to by the Parties in writing) following the Closing Date and the date on which the Licence Transfers have been completed.
- (c) If a Governmental Authority denies any Licence Transfers because of misdescription or other minor deficiencies in the application, Vendor shall within five (5) Business Days of such denial correct the application and amend and re-submit the application for the Licence Transfers and Purchaser shall, where applicable, electronically ratify and sign such application.

- (d) In the event that the approval by the Governmental Authority of Licence Transfers is conditional upon a Party providing deposits or other security to such Governmental Authority or undertaking any corrective action or remedial work (including inspections, tests or engineering assessments), Purchaser shall be responsible for providing such deposits or security to such Governmental Authority and undertaking such corrective or remedial work as may be required, at Purchaser's sole expense.

2.7 Pipeline Records

- (a) In connection with the transfer of any pipeline licenses relating to the Tangibles pursuant to the Agreement and the AER Bulletin 2015-34 (as amended, supplemented, revised or replaced, the "**Bulletin**"), Vendor is required to transfer sufficient documentation to satisfy the transferor statement on the AER digital data submission system (the "**Pipeline Records**"). If Purchaser or Vendor receives written notice from the AER that it has determined that Pipeline Records, or any of them, transferred by Vendor to Purchaser under the Agreement do not satisfy or are found to be deficient under the Bulletin in any respect, then Purchaser will be responsible for and shall conduct, in a timely manner, all operations and activities that are required to cure or remedy any and all deficiencies identified by the AER ("**AER Deficiencies**"), in each case in accordance in all material respects with the terms of the applicable Title Documents, Applicable Laws, any requirements set forth in any correspondence with the AER and with generally accepted industry practices in Alberta and following in all material respects the standard of care which would be followed by a reasonably prudent operator in similar circumstances.
- (b) The existence of any deficient Pipeline Records, AER Deficiencies and the remedial work required to be conducted in respect thereof, shall not constitute a breach of any of Vendor's representations, warranties or otherwise in the Agreement, and Purchaser shall have no claim against Vendor in relation thereto.

2.8 Specific Conveyances

The Parties shall cooperate in the preparation of the Specific Conveyances. At a reasonable time prior to Closing, Purchaser shall use reasonable efforts to prepare and provide for Vendor's review all Specific Conveyances at Purchaser's own cost and expense. The Parties shall execute such Specific Conveyances at Closing. None of the Specific Conveyances shall confer or impose upon either Party any greater right or obligation than as contemplated in this Agreement. Promptly after Closing, Purchaser shall register and/or distribute (as applicable) all such Specific Conveyances and shall bear all costs incurred therewith and in preparing and registering any further assurances required to convey the Assets to Purchaser.

2.9 Title Documents and Miscellaneous Interests

As soon as practicable following Closing, Vendor shall deliver to Purchaser such original copies of the Title Documents and any other agreements and documents to which the Assets are subject and such original copies of contracts, agreements, records, books, documents, licenses, reports and data comprising Miscellaneous Interests which are now in the possession of Vendor or of which Vendor gains possession of prior to Closing.

2.10 Form of Payment

All payments to be made pursuant to this Agreement shall be in Canadian funds. All payments to be made pursuant to this Agreement shall be made by certified cheque, bank draft or wire transfer.

2.11 Taxes

- (a) GST

Each of Purchaser and Vendor is a registrant for GST purposes and will continue to be a registrant at the Closing Date in accordance with the provisions of the GST Legislation. Their respective GST registration numbers are:

Vendor 779403484RT0002

Purchaser 856871900RT0001

(b) Sales Taxes

The Parties acknowledge that the Purchase Price is exclusive of all Sales Taxes. Purchaser shall be solely responsible for all Sales Taxes which may be imposed by any Governmental Authority and which pertain to Purchaser's acquisition of the Assets or to the registration of any Specific Conveyances necessitated hereby. Except where Vendor is required under Applicable Law to collect or pay such Sales Taxes, Purchaser shall pay such Sales Taxes directly to the appropriate Governmental Authority or other entity within the required time period and shall file all necessary documentation with respect to such Sales Taxes when due. Vendor will do and cause to be done such things as are reasonably requested to enable Purchaser to comply with such obligation in a timely manner. If Vendor is required under Applicable Law to pay any such Sales Taxes, Purchaser shall promptly reimburse Vendor the full amount of such Sales Taxes upon delivery to Purchaser of copies of receipts showing payment of such Sales Taxes. Purchaser shall be responsible for the payment of any amount of Sales Taxes payable in respect of its purchase of the Assets pursuant hereto and any interest and penalties payable in respect thereto and shall indemnify and save harmless Vendor in respect thereof.

**ARTICLE 3
CONDITIONS OF CLOSING**

3.1 Required Consents

Both before and after Closing, each of the Parties shall use all reasonable efforts to obtain any and all approvals required under Applicable Law and any and all material consents of Third Parties required to permit the Transaction. The Parties acknowledge that the acquisition of such consents (other than with respect to any Licence Transfers) shall not be a condition precedent to Closing. It shall be the sole obligation of Purchaser, at Purchaser's sole cost and expense, to provide any and all financial assurances, remedial work or other documentation required by Governmental Authorities to permit the transfer to Purchaser, and registration of Purchaser as owner and/or operator, of any of the Assets including the Facilities and the Wells.

3.2 Mutual Conditions

The obligation of Purchaser to purchase Vendor's interest in and to the Assets, and of Vendor to sell its interest in and to the Assets to Purchaser, is subject to the following conditions precedent:

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

Unless otherwise agreed to by the Parties, if the conditions contained in this section 3.2 have not been performed or satisfied on or before March 31, 2020, this Agreement and the obligations of Vendor and Purchaser under this Agreement shall automatically terminate without any further action on the part of either Vendor or Purchaser.

3.3 Purchaser's Conditions

The obligation of Purchaser to purchase Vendor's interest in and to the Assets is subject to the following conditions precedent, which are inserted herein and made part hereof for the exclusive benefit of Purchaser and may be waived by Purchaser in whole or in part:

- (a) the representations and warranties of Vendor herein contained shall be true in all material respects when made and as of the Closing Date; and
- (b) all obligations of Vendor contained in this Agreement to be performed prior to or at Closing shall have been timely performed in all material respects.

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with, or waived by Purchaser, at or before the Closing Date, Purchaser may terminate this Agreement by written notice to Vendor. If Purchaser terminates this Agreement, Vendor and Purchaser shall be released and discharged from all obligations hereunder except as provided in section 10.13.

3.4 Vendor's Conditions

The obligation of Vendor to sell its interest in and to the Assets to Purchaser is subject to the following conditions precedent, which are inserted herein and made part hereof for the exclusive benefit of Vendor and may be waived by Vendor in whole or in part:

- (a) the representations and warranties of Purchaser herein contained shall be true in all material respects when made and as of the Closing Date;
- (b) all obligations of Purchaser contained in this Agreement to be performed prior to or at Closing shall have been timely performed in all material respects; and
- (c) all amounts to be paid by Purchaser to Vendor at Closing, including the Purchase Price, shall have been paid to Vendor in the form stipulated in this Agreement.

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with, or waived by Vendor, at or before the Closing Date, Vendor may terminate this Agreement by written notice to Purchaser. If Vendor terminates this Agreement, Vendor and Purchaser shall be released and discharged from all obligations hereunder except as provided in section 10.13.

3.5 Efforts to Fulfill Conditions Precedent

Purchaser and Vendor shall proceed diligently and in good faith and use all reasonable efforts to satisfy and comply, and assist in the satisfaction and compliance, with the foregoing conditions precedent.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Vendor and Trustee

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

- (a) Trustee has been appointed as Trustee of OAN and such appointment is valid and subsisting; and
- (b) subject to obtaining and pursuant to the Court Order, Vendor has the right to enter into this Agreement and to complete the Transaction.

4.2 Representations and Warranties of Purchaser

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

- (a) Purchaser is a corporation duly organized, validly existing and is authorized to carry on business in the provinces in which the Lands are located;
- (b) Purchaser has good right, full power and absolute authority to purchase and acquire the interest of Vendor in and to the Assets according to the true intent and meaning of this Agreement;
- (c) as of the date of submission of the Licence Transfer applications: (i) where the AER has not granted the Purchaser discretion with respect to its liability management program, or any successor program, the Purchaser will not have a "Liability Management Rating" or "LMR" (or equivalent rating under any successor program) in respect of its assets and interests located in the Province of Alberta that is less than 2.0, or (ii) where the AER has granted the Purchaser discretion with respect to its liability management program, or any successor program, the Purchaser will not have a "Liability Management Rating" or "LMR" (or equivalent rating under any successor program) in respect of its assets and interests located in the Province of Alberta that is less than the amount provided for or required by the AER in the applicable discretionary confirmation;
- (d) the Purchaser is not aware of any fact or circumstance that would prevent or delay the Licence Transfers or approval of the Licence Transfer applications as contemplated hereunder;
- (e) except for obtaining the Court Order, the execution, delivery and performance of this Agreement has been duly and validly authorized by any and all requisite corporate, shareholders', directors' or equivalent actions and will not result in any violation of, be in conflict with, or constitute a default under, any articles, charter, bylaw or other governing document to which Purchaser is bound;
- (f) the execution, delivery and performance of this Agreement will not result in any violation of, be in conflict with, or constitute a default under, any term or provision of any agreement or document to which Purchaser is party or by which Purchaser is bound, nor under any judgement, decree, order, statute, regulation, rule or license applicable to Purchaser;
- (g) provided the Court Order is obtained, this Agreement and any other agreements delivered in connection herewith constitute valid and binding obligations of Purchaser enforceable against Purchaser in accordance with their terms;
- (h) no authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body exercising jurisdiction over the Assets is required for the due execution, delivery and performance by Purchaser of this Agreement, other than authorizations, approvals or exemptions from requirement therefor previously obtained and currently in force or to be obtained prior to or after Closing;

- (i) Purchaser has adequate funds available in an aggregate amount sufficient to pay: (i) all amounts required to be paid by Purchaser under this Agreement; and (ii) all expenses which have been or will be incurred by Purchaser in connection with this Agreement and the Transaction;
- (j) Purchaser has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of this Agreement or the Transaction for which Vendor shall have any obligation or liability;
- (k) Purchaser is not a non-resident of Canada within the *Income Tax Act* (Canada); and
- (l) Purchaser is not a non-Canadian person for the purposes of the *Investment Canada Act* (Canada).

4.3 Limitation of Representations by Vendor

- (a) Notwithstanding anything to the contrary in this Agreement, Vendor expressly negates any representations or warranties except as expressly set forth in section 4.1, whether written or verbal, made by Vendor or its Representatives and in particular, without limiting the generality of the foregoing, Vendor disclaims all liability and responsibility for any such representation, warranty, statement or information made or communicated, whether verbal or in writing, to Purchaser or any of its Representatives. Vendor's interest in and to the Assets shall be purchased on a strictly "as is, where is" basis and there are no collateral agreements, conditions, representations or warranties of any nature whatsoever made by Vendor, express or implied, arising at law, by statute, in equity or otherwise, with respect to the Assets and in particular, without limiting the generality of the foregoing, there are no collateral agreements, conditions, representations or warranties made by Vendor, express or implied, arising at law, by statute, in equity or otherwise with respect to:
 - (i) any engineering, geological or other interpretation or economic evaluations respecting the Assets;
 - (ii) the quality, quantity or recoverability of Petroleum Substances within or under the Lands or any lands pooled or unitized therewith;
 - (iii) any estimates of the value of the Assets or the revenues or cash flows from future production from the Lands;
 - (iv) the rates of production of Petroleum Substances from the Lands;
 - (v) the environmental state or condition of the Lands;
 - (vi) the availability or continued availability of facilities, services or markets for the processing, transportation or sale of any Petroleum Substances;
 - (vii) the quality, condition, fitness, suitability, serviceability or merchantability of any tangible depreciable equipment or property interests which comprise the Assets (including the Tangibles);
 - (viii) the accuracy or completeness of the Data Room Information or any other data or information supplied by the Vendor or any of its Representatives in connection with the Assets;
 - (ix) the suitability of the Assets for any purpose;

- (x) compliance with Applicable Laws; or
 - (xi) the title and interest or ownership of Vendor in and to the Assets.
- (b) Without restricting the generality of the foregoing, Purchaser acknowledges that it has made its own independent investigation, analysis, evaluation and inspection of Vendor's interests in the Assets and the state and condition thereof and that it is satisfied with, and has relied solely on, such investigation, analysis, evaluation and inspection as to its assessment of the condition, quantum and value of the Assets and those matters specifically enumerated in section 4.3(a).
- (c) Except with respect to the representations and warranties in section 4.1 or in the event of fraud, Purchaser forever releases and discharges Vendor and its Representatives from any claims and all liability to Purchaser or Purchaser's assigns and successors, as a result of the use or reliance upon advice, information or materials pertaining to the Assets which was delivered or made available to Purchaser by Vendor or its Representatives prior to or pursuant to this Agreement, including any evaluations, projections, reports and interpretive or non-factual materials prepared by or for Vendor, or otherwise in Vendor's possession.

ARTICLE 5 INDEMNITIES FOR REPRESENTATIONS AND WARRANTIES

5.1 Vendor's Indemnities for Representations and Warranties

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

5.2 Purchaser's Indemnities for Representations and Warranties

Purchaser shall be liable to Vendor for and shall, in addition, indemnify Vendor from and against, all Losses suffered, sustained, paid or incurred by Vendor which would not have been suffered, sustained, paid or incurred had all of the representations and warranties contained in section 4.2 been accurate and truthful; provided, that nothing in this section 5.2 shall be construed so as to cause Purchaser to be liable to or indemnify Vendor in connection with any representation or warranty contained in section 4.2 if and to the extent that Vendor did not rely upon such representation or warranty.

5.3 Survival of Representations and Warranties

Each Party acknowledges that the other may rely on the representations and warranties made by such Party pursuant to section 4.1 or 4.2, as the case may be. The representations and warranties in sections 4.1 and 4.2 shall be true as of the date hereof and on the Closing Date, and the representations and warranties in section 4.2 shall continue in full force and effect and shall survive the Closing Date for a period of six (6) months; provided, the representations and warranties in section 4.1 shall not survive the Closing Date. In the absence of fraud, however, no claim or action shall be commenced with respect to a breach of any such representation and warranty, unless, within such period, written notice specifying such breach in reasonable detail has been provided to the Party which made such representation or warranty.

**ARTICLE 6
INDEMNITIES**

6.1 Post-Closing Date Indemnity

Provided that Closing has occurred, Purchaser shall:

- (a) be solely liable and responsible for any and all Losses which Vendor may suffer, sustain, pay or incur; and
- (b) indemnify, release and save harmless Vendor and its Representatives from any and all Losses, actions, proceedings and demands, whatsoever which may be brought against or suffered by Vendor or which it may sustain, pay or incur,

as a result of any matter or thing resulting from, attributable to or connected with the Assets and arising or accruing after the Closing Date.

6.2 Environmental Matters and Abandonment and Reclamation Obligations

Purchaser acknowledges that, insofar as the environmental condition of the Assets is concerned, it will acquire the Assets pursuant hereto on an "as is, where is" basis. Purchaser acknowledges that it is familiar with the condition of the Assets, including the past and present use of the Lands and the Tangibles, that Vendor has provided Purchaser with a reasonable opportunity to inspect the Assets at the sole cost, risk and expense of Purchaser (insofar as Vendor could reasonably provide such access) and that Purchaser is not relying upon any representation or warranty of Vendor as to the environmental condition of the Assets, Environmental Liabilities or Abandonment and Reclamation Obligations. Provided that Closing has occurred, Purchaser shall:

- (a) be solely liable and responsible for any and all Losses which Vendor may suffer, sustain, pay or incur; and
- (b) indemnify, release and save harmless Vendor from any and all Losses, actions, proceedings and demands, whatsoever which may be brought against or suffered by Vendor or which it may sustain, pay or incur,

as a result of any matter or thing arising out of, resulting from, attributable to or connected with any Environmental Liabilities or any Abandonment and Reclamation Obligations. Once Closing has occurred, Purchaser shall be solely responsible for all Environmental Liabilities and all Abandonment and Reclamation Obligations as between Vendor and Purchaser (including whether occurring or accruing prior to, on or after the Closing Date), and hereby releases Vendor from any claims Purchaser may have against Vendor with respect to all such liabilities and responsibilities. Without restricting the generality of the foregoing, Purchaser shall be responsible for all Environmental Liabilities and Abandonment and Reclamation Obligations (including whether occurring or accruing prior to, on or after the Closing Date) in respect of all Wells and Facilities.

6.3 Third Party Claims

The following procedures shall be applicable to any claim by a Party (the "Indemnitee") for indemnification pursuant to this Agreement from another Party (the "Indemnitor") in respect of any Losses in relation to a Third Party (a "Third Party Claim"):

- (a) upon the Third Party Claim being made against or commenced against the Indemnitee, the Indemnitee shall within ten (10) Business Days of notice thereof provide written notice thereof to the Indemnitor. The notice shall describe the Third Party Claim in reasonable detail and indicate the estimated amount, if practicable, of the indemnifiable Losses that have been or may be sustained by the Indemnitee in respect thereof. If the Indemnitee does not provide notice to the Indemnitor within such ten (10) Business Day period, then

such failure shall only lessen or limit the Indemnitee's rights to indemnity hereunder to the extent that the defence of the Third Party Claim was prejudiced by such lack of timely notice;

- (b) if the Indemnitor acknowledges to the Indemnitee in writing that the Indemnitor is responsible to indemnify the Indemnitee in respect of the Third Party Claim pursuant hereto, the Indemnitor shall have the right to do either or both of the following:
 - (i) assume carriage of the defence of the Third Party Claim using legal counsel of its choice and at its sole cost; and/or
 - (ii) settle the Third Party Claim, provided the Indemnitor pays the full monetary amount of the settlement and the settlement does not impose any restrictions or obligations on the Indemnitee;
- (c) each Party shall co-operate with the other Party in the defence of the Third Party Claim, including making available to the other Party and its Representatives whose assistance, testimony or presence is of material assistance in evaluating and defending the Third Party Claim;
- (d) the Indemnitee shall not enter into any settlement, consent order or other compromise with respect to the Third Party Claim without the prior written consent of the Indemnitor (which consent shall not be unreasonably withheld or delayed), unless the Indemnitee waives its rights to indemnification in respect of the Third Party Claim;
- (e) upon payment of the Third Party Claim, the Indemnitor shall be subrogated to all claims the Indemnitee may have relating thereto. The Indemnitee shall give such further assurances and co-operate with the Indemnitor to permit the Indemnitor to pursue such subrogated claims as reasonably requested by it; and
- (f) if the Indemnitor has paid an amount pursuant to the indemnification obligations herein and the Indemnitee shall subsequently be reimbursed from any source in respect of the Third Party Claim from any Third Party, the Indemnitee shall promptly pay the amount of the reimbursement (including interest actually received) to the Indemnitor, net of taxes required to be paid by the Indemnitee as a result of any such receipt.

ARTICLE 7 ADJUSTMENTS & MAINTENANCE OF ASSETS

7.1 No Adjustments

There shall be no adjustments to the Purchase Price or otherwise in connection with the Transaction. The Purchasers assumes any liability for any of OAN's share of outstanding municipal taxes, surface leases and mineral leases relating to the Assets and will be responsible for collecting from any working interest parties and remitting the balance owed to the Municipality, landowner or mineral lessor.

7.2 Consent of Purchaser

Subject to Applicable Laws and directions of Governmental Authorities (including in relation to the Trusteeship proceedings of OAN and such proceedings themselves), Vendor shall not from the date hereof to the Closing Date, without the written consent of Purchaser, which consent shall not be unreasonably withheld by Purchaser and which, if provided, shall be provided in a timely manner:

- (a) make any commitment or propose, initiate or authorize any capital expenditure with respect to the Assets of which Vendor's share is in excess of \$5,000.00, except in case of an emergency or in respect of amounts which Vendor may be committed to expend or

be deemed to authorize for expenditure without its consent; provided, however, that should Purchaser withhold its consent or fail to provide its consent in a timely manner and a reduction in the value of the Assets results, there shall be no abatement or reduction in the Purchase Price;

- (b) surrender or abandon any of the Assets, unless an expenditure of money is required to avoid the surrender or abandonment and Purchaser does not provide same in a timely fashion, in which event the Assets in question shall be surrendered or abandoned without abatement or reduction in the Purchase Price;
- (c) amend or terminate any Title Document or enter into any new agreement or commitment relating to the Assets; or
- (d) sell, encumber or otherwise dispose of any of the Assets or any part or portion thereof ~~excepting sales of the Leased Substances in the normal course of business.~~

7.3 Proposed Actions

If an operation or the exercise of any right or option respecting the Assets is proposed in circumstances in which such operation or the exercise of such right or option would result in Purchaser incurring an obligation pursuant to section 7.2, the following shall apply to such operation or the exercise of such right or option (hereinafter referred to as the "Proposal"):

- (a) Vendor shall promptly give Purchaser notice of the Proposal, describing the particulars in reasonable detail;
- (b) Purchaser shall, not later than twenty four (24) hours prior to the time Vendor is required to make its election with respect to the Proposal, advise Vendor, by notice, whether Purchaser wishes Vendor to exercise Vendor's rights with respect to the Proposal on Purchaser's behalf, provided that Purchaser's failure to make such election within such period shall be deemed to be Purchaser's election to participate in the Proposal;
- (c) Vendor shall make the election authorized (or deemed to be authorized) by Purchaser with respect to the Proposal within the period during which Vendor may respond to the Proposal; and
- (d) Purchaser's election not to participate in any Proposal required to preserve the existence of any of the Assets shall not entitle Purchaser to any reduction of the Purchase Price if Vendor's interest therein is terminated as a result of such election, and such termination shall not constitute a failure of Vendor's representations and warranties pertaining to such Assets, notwithstanding section 5.3.

7.4 Post-Closing Transition

Following Closing and to the extent to which Purchaser must be novated into Title Documents and other agreements or documents to which the Assets are subject or otherwise recognized as the owner of the Assets, until that novation or recognition has been effected or for a period of ninety (90) days, whichever is sooner, Vendor shall:

- (a) in a timely manner, deliver to Purchaser all Third Party notices and communications, including authorizations for expenditures and mail ballots and all notices and communications received in respect of the Assets or events and occurrences affecting the Assets, and Vendor shall respond to such notices pursuant to Purchaser's written instructions, if received on a timely basis, provided that Vendor may refuse to follow any instructions which it reasonably believes to be unlawful, unethical or in conflict with any applicable agreement or contract, and provided that nothing shall preclude Vendor from taking such actions as Vendor reasonably determines are necessary for the protection of

life or property, or as are required by all Applicable Laws, rules, regulations, orders and directions of Governmental Authorities and other competent authorities; and

- (b) receive all revenues which are the property of Purchaser pursuant to this Agreement, as bare trustee and shall remit such revenues to Purchaser in a timely fashion.

7.5 Vendor Deemed Purchaser's Trustee and Agent

- (a) Insofar as Vendor maintains the Assets and takes actions in relation thereto on Purchaser's behalf pursuant to this Article 7, Vendor shall be deemed to have been the bare trustee and agent of Purchaser hereunder. Purchaser ratifies all actions taken by Vendor or refrained from being taken by Vendor pursuant to this Article 7 in such capacity during such period, with the intention that all such actions shall be deemed to be Purchaser's actions.
- (b) Insofar as Vendor participates in either operations or the exercise of rights or options as Purchaser's agent pursuant to this Article 7, Vendor may require Purchaser to secure costs to be incurred by Vendor on Purchaser's behalf pursuant to such election in such manner as may be reasonably appropriate in the circumstances.
- (c) Purchaser shall indemnify Vendor and its Representatives against all Losses which Vendor or its Representatives may suffer or incur as a result of Vendor maintaining the Assets as Purchaser's bare trustee and agent pursuant to this Article 7, insofar as such Losses are not a direct result of the gross negligence or wilful misconduct of Vendor or its Representatives. An action or omission of Vendor or of its Representatives shall not be regarded as gross negligence or wilful misconduct to the extent to which it was done or omitted from being done in accordance with Purchaser's instructions (including any election deemed pursuant to section 7.3(b)) or concurrence.

7.6 Transfer of Operatorship

Insofar as Vendor operates any of the Assets, Purchaser acknowledges that Vendor may not be able to transfer operatorship of some or all of such Assets to Purchaser at or after Closing. Vendor covenants with Purchaser that Vendor shall reasonably cooperate with Purchaser to obtain appropriate consents and approvals for the assignment and transfer to Purchaser of operatorship of those of the Assets of which Vendor is currently the operator.

ARTICLE 8 RIGHTS OF FIRST REFUSAL

8.1 Rights of First Refusal

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

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

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

9.1 Vendor to Provide Access

Prior to Closing, Vendor shall, subject to all contractual and fiduciary obligations, at the offices of Veracity Energy Services Ltd., Suite 200, 744-4th Avenue SW during normal business hours, provide reasonable access for Purchaser and its Representatives to Vendor's records, books, accounts, documents, files, reports, information, materials, filings, and data, to the extent they relate directly to the Assets, as well as physical access to the Assets (insofar as Vendor can reasonably provide such access) for the purpose of Purchaser's review of the Assets and title thereto.

9.2 Access to Information

After Closing and subject to contractual restrictions in favour of Third Parties relative to disclosure, Purchaser shall, on request from Vendor, provide reasonable access to Vendor at Purchaser's offices, during its normal business hours, to the agreements and documents to which the Assets are subject and the contracts, agreements, records, books, documents, licenses, reports and data included in the Miscellaneous Interests and the Title Documents which are then in the possession or control of Purchaser and to make copies thereof, as Vendor may reasonably require, including for purposes relating to:

- (a) OAN's or Vendor's ownership of the Assets (including taxation matters and liabilities and claims that arise from or relate to acts, omissions, events, circumstances or operations on or before the Closing Date);
- (b) enforcing its rights under this Agreement;
- (c) compliance with Applicable Law; or
- (d) any claim commenced or threatened by any Third Party against OAN or Vendor.

9.3 Maintenance of Information

All of the information, materials and other records delivered to Purchaser pursuant to the terms hereof shall be maintained in good order and good condition and kept in a reasonably accessible location by Purchaser for a period of two (2) years from the Closing Date.

ARTICLE 10 GENERAL

10.1 Further Assurances

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

10.2 No Merger

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

10.3 Trustee

Purchaser acknowledges that Trustee is acting solely in its capacity as the Trustee of OAN and not in its personal or corporate capacity. Under no circumstances shall Trustee or any of its Representatives have any liability pursuant to this Agreement, or in relation to the Transaction, in its or their personal or corporate capacity, whether such liability be in contract, tort or otherwise.

10.4 Entire Agreement

The provisions contained in any and all documents and agreements collateral hereto shall at all times be read subject to the provisions of this Agreement and, in the event of conflict, the provisions of this Agreement shall prevail. This Agreement supersedes all other agreements (other than the confidentiality agreement (the "**Confidentiality Agreement**") between Vendor and Purchaser), documents, writings and verbal understandings between the Parties relating to the subject matter hereof and expresses the entire agreement of the Parties with respect to the subject matter hereof.

10.5 Governing Law

This Agreement shall, in all respects, be subject to, interpreted, construed and enforced in accordance with and under the laws of the Province of Alberta and the laws of Canada applicable therein and shall, in every regard, be treated as a contract made in the Province of Alberta. The Parties irrevocably attorn and submit to the exclusive jurisdiction of the courts of the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of this Agreement.

10.6 Signs and Notifications

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

10.7 Assignment and Enurement

This Agreement may not be assigned by a Party without the prior written consent of the other Party, which consent may be unreasonably and arbitrarily withheld. This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective administrators, trustees, receivers, successors and permitted assigns.

10.8 Time of Essence

Time shall be of the essence in this Agreement.

10.9 Notices

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

Vendor - Hardie & Kelly Inc.
110, 5800 2nd Street SW
Calgary, Alberta T2H 0H2

Attention: Marc Kelly

Fax: 403-640-0591
Email: mkelly@insolvency.net

Purchaser - Crimson Energy Ltd.
800, 2424 4th Street SW
Calgary, AB T2S 2T4

Attention: Michael O'Byrne
Fax: 403-218-2366
Email: Mike.Obyrne@Crimsonenergy.ca

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

- (a) by delivery to a Party between 8:00 a.m. and 4:00 p.m. on a Business Day at the address of such Party for notices, in which case, the notice shall be deemed to have been received by that Party when it is delivered;
- (b) by facsimile or email to a Party to the facsimile number or email address of such Party for notices, in which case, if the notice was sent prior to 4:00 p.m. on a Business Day, the notice shall be deemed to have been received by that Party when it was sent and if it is sent on a day which is not a Business Day or is sent after 4:00 p.m. on a Business Day, it shall be deemed to have been received on the next following Business Day; or
- (c) except in the event of an actual or threatened postal strike or other labour disruption that may affect mail service, by first class registered postage prepaid mail to a Party at the address of such Party for notices, in which case, the notice shall be deemed to have been received by that Party on the fourth (4th) Business Day following the date of mailing.

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

10.10 Invalidity of Provisions

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

10.11 Waiver

No failure on the part of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any right or remedy in law or in equity or by statute or otherwise conferred. No waiver by any Party of any breach (whether actual or anticipated) of any of the terms, conditions, representations or warranties contained herein shall take effect or be binding upon that Party unless the waiver is expressed in writing under the authority of that Party. Any waiver so given shall extend only to the particular breach so waived and shall not limit or affect any rights with respect to any other or future breach.

10.12 Amendment

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

10.13 Confidentiality and Public Announcements

Until Closing has occurred and subject to the Confidentiality Agreement, each Party shall keep confidential all information obtained from the other Party in connection with the Assets and shall not release any information concerning this Agreement and the Transaction without the prior written consent of the other Party, which consent shall not be unreasonably withheld. Nothing contained herein shall prevent a Party at any time from furnishing information (i) to any Governmental Authority or regulatory authority or to the public or otherwise if required by Applicable Law or as directed by any Governmental Authority or regulatory authority (including in relation to the Trusteeship proceedings of OAN and such proceedings themselves); or (ii) in connection with obtaining the Court Order; or (iii) as required to OAN's secured creditors.

[Remainder of page intentionally left blank. Signature pages to follow.]

10.14 Counterpart Execution

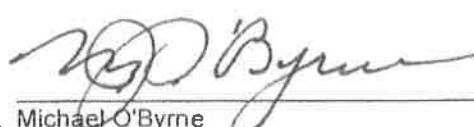
This Agreement may be executed and delivered in counterpart and transmitted by facsimile or other electronic means and all such executed counterparts, including electronically transmitted copies of such counterparts, shall together constitute one and the same agreement.

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

HARDIE & KELLY INC., solely in its capacity as the Trustee of **OAN RESOURCES LTD.** and not in its personal or corporate capacity

Crimson Energy LTD.

Per: 
Name: Marc Kelly
Title: Senior Vice President

Per: 
Name: Michael O'Byrne
Title: President

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

This is Schedule "A" to a Purchase and Sale Agreement dated the ____ day of March 2020 between Hardie & Kelly Inc., solely in its capacity as Trustee of OAN Resources Inc. and not in its personal or corporate capacity, and Crimson Energy Ltd.

Lease File Contract File Twp Rge M Section Property Report Lessor Gross HA Net HA OAN Registered Interest WI Burdens Well Rental Date

Lease File	Contract File	Twp	Rge	M	Section	Property Report	Lessor	Gross HA	Net HA	OAN Registered Interest	WI	Burdens	Well	Rental Date
M0001	C0001 - NPI Agmt to Huntington	95	4	W5	SW 28, 29, 32 & 33	AB PNG - 7104 ha	CR 0511070494	8192	8192	100.0%	OAN - 100%	CSS NPI - 1.5% on 50% of production (0.73% on 100% production payable to Huntington Exploration Inc.) NPI - 1.5% on 25% of production (0.375% on 100% production payable to Rock Sound Energy Inc.) NPI - 3.5% on 100% of production payable to Gannett Resources Inc. NPI 3.5% on 35% production payable to Epi Oil Exploration Ltd.	N/A	13-Feb
	C0002 - NPI Agmt to Sound Energy	85	5	W5	Sec 4, 5, N & SE 8, Sec 7, 8, 9, 16, 17 and 18, Sec 22, N & SW 23, W 24, Sec 26, 27, 28, E 35, Sec 36, Sec 1, W 1, N & SW 10, Sec 11, 12, 13, 14, 15, 16									
	C0004 - NPI Agmt to Gannett	96	5	W5	Sec 20, 21, Sec 4, 8									
	C0003 - NPI Agmt to Gannett	95	5	W5	SE 10	PNG below base Mannville Group - 1024 ha								
	C0003 - NPI Agmt to Gannett	96	5	W5		PNG below base Keg River - 64 ha								
M0002	C0003 - NPI Agmt to Gannett	95	5	W5	SE 2	PNG in Keg River	CR 0513070254	64	64	100.0%	OAN - 100%	CSS NPI - 3.5% on 100% of production payable to Gannett Resources Inc.	N/A	18-Jul
M0003	C0003 - NPI Agmt to Gannett	96	5	W5	SW 2	PNG in Keg River	CR 0513070255	64	64	100.0%	OAN - 100%	CSS NPI - 5% on 100% of production payable to Gannett Resources Inc.	10005-02-096-05W5-00 Flowing O4	18-Jul
M0004	C0003 - NPI Agmt to Gannett	96	5	W5	NW 2	PNG in Keg River	CR 0513070256	64	64	100.0%	OAN - 100%	CSS NPI - 5% on 100% of production payable to Gannett Resources Inc.	N/A	18-Jul
M0005	C0003 - NPI Agmt to Gannett	96	5	W5	NE 2	PNG in Keg River	CR 0513070257	64	64	100.0%	OAN-100%	CSS NPI - 3.5% on 100% of production payable to Gannett Resources Inc.	N/A	18-Jul
M0006	C0003 - NPI Agmt to Gannett	95	5	W5	E 34	PNG to base Keg River	CR 0508110236	128	128	100.0%	OAN - 100%	CSS NPI - 5% on 100% of production payable to Gannett Resources Inc.) Sliding Scale Non Convertible Overriding Royalty of 123.8365% (2.5% to 12.5% on oil, 12.5% on steam petroleum substances), Standard Crown Deductions paid on 50% of production, payable to Farfax Energy Inc.	10007-34-095-05 W5-00 Pumping O4	18-Nov
M0007	C0003 - NPI Agmt to Gannett	95	5	W5	SW 35	PNG in Keg River	CR 0511070494	64	64	100.0%	OAN - 100%	CSS NPI - 5% on 100% of production payable to Gannett Resources Inc.	10003-35-095-05W5-02 Flowing O4	28-Jul

Handwritten signature and a circular stamp with illegible text.

This is Schedule "A" to a Purchase and Sale Agreement dated the ___ day of March 2020 between Hardie & Kelly Inc., solely in its capacity as Trustee of OAN Resources Inc. and not in its personal or corporate capacity, and Crimson Energy Ltd.

Lease File Contract File Twp Rge M Section
 T20005 C2005-09 35 5 W3 NW 35
 April to Gurnair
 C2005 - FO
 A9001
 NCCOR to
 Fairfax

Address for Royalty Owners:

Fairfax Energy Inc.
 2505 18th Street SW
 Calgary, AB T2M 4T9
 Gurnair Resources Inc.
 Box 10247, Station M
 Airdrie, AB T4A 0N5
 Rock Sound Energy Inc.
 2510 - 11th Avenue SW
 Calgary, AB T2M 1N5
 Huntington Exploration Inc.
 1500 407 - 2nd Street SW
 Calgary, AB T2P 2Y3

Calculation of NPI:

Minus: any gross revenues from sale of Petroleum Substances the OAN products
 Minus: any lessor royalties payable by OAN on production utilized to generate gross revenue
 Minus: any transportation costs incurred by OAN with respect to the production of petroleum substances utilized to generate gross revenue in order to get production to the point of sale
 Minus: the actual costs incurred by OAN to retrieve basic sediment and water from the production of the petroleum substances utilized to generate gross revenue
 Minus: the actual costs incurred by OAN to treat, gather, compress and process the production of the petroleum substances utilized to generate the gross revenue
 Minus: the actual costs incurred by OAN for field operating expenses relative to the production of the petroleum substances. The field operating expenses that will qualify for production include all field operating expenses that a field operator or contractor in carrying on oil and gas operations in Canada in accordance with good oilfield practice.

Acres: 2704 2704

Rights Program Reg Power
 Lessor CR 0511030435 64 64 100.0%
 Gross HA Net HA OAN Registered Interest
 WI 100%
 Burdens CSS
 Well 100%
 Rental Date 28-Jul

NPI - 5% on 100% of production payable to Gurnair Resources Inc.
 Sliding Scale Non Convertible Overriding Royalty (2.5% to 12.5% on oil, 12.5% on other petroleum substances), Standard Oil Company Production paid on 100% of production, payable to Fairfax Energy Inc.

THE FOLLOWING COMPRISES SCHEDULE "B" ATTACHED TO AND FORMING PART OF A PURCHASE AND SALE AGREEMENT DATED THE • DAY OF March, 2020 BETWEEN HARDIE & KELLY INC., solely in its capacity as Trustee of OAN ENERGY INC. and not in its personal or corporate capacity, and CRIMSON ENERGY LTD.

Wells

UWI	Location						Status	Formation	Licensee	OAN WI%
	lsd	sec	twp	rge	mer					
100/13-26-095-05W5/0	100	13	26	095	05	5 0	Licensed		OAN	100%
100/07-34-095-05W5/0	100	07	34	095	05	5 0	Oil	Keg River	OAN	100%
100/09-34-095-05W5/0	100	09	34	095	05	5 0	Licensed		OAN	100%
100/03-35-095-05W5/2	100	03	35	095	05	5 2	Oil	Keg River	OAN	100%
100/11-35-095-05W5/2	100	11	35	095	05	5 2	Oil	Keg River	OAN	100%
100/14-35-095-05W5/0	100	14	35	095	05	5 0	Drain		OAN	100%
100/05-02-096-05W5/0	100	05	02	096	05	5 0	Suspended Oil	Keg River	OAN	100%
100/03-03-096-05W5/0	100	03	03	096	05	5 0	Suspended Oil		OAN	100%
100/05-03-096-05W5/0	100	03	03	096	05	5 0	Licensed		OAN	100%
100/06-11-096-05W5/0	100	11	11	096	05	5 0	Suspended Oil	Keg River	OAN	100%

Facilities

Licence	Government Code	Surface Location	Licensee	Type	Subtype	Operational Status	WI%
F50541	ABBT0148133	16-34-095-05W5	OAN	Battery	Crude Oil Multiwell Proration Battery	Active	100%
F51336		03-35-095-05W5	OAN	Satellite		Unkown	100%
W0132720	ABBT0143662	03-35-095-05W5	OAN	Battery	Crude Oil Single-well Battery	Suspended	100%
W0493298	ABBT0152706	06-11-096-05W5	OAN	Battery	Crude Oil Single-well Battery	Active	100%

Pipelines

License Num	Segment ID #	Length (km)	Material	From Location	To Location	Status	Working Interest
22699	5	1.10	Steel	09-26-095-05W5	04-35-095-05W5	Abandoned	100%
54105	1	0.70	Steel	16-34-095-05W5	08-03-096-05W5	Operating	100%
54136	1	0.25	Steel	03-35-095-05W5	04-35-095-05W5	Operating	100%
54136	2	1.05	Steel	05-03-096-05W5	03-03-096-05W5	To Be Constructed	100%
54136	3	1.04	Steel	03-03-096-05W5	01-03-096-05W5	To Be Constructed	100%
54136	4	0.38	Steel	06-11-096-05W5	05-11-096-05W5	To Be Constructed	100%
54136	5	0.90	Steel	04-35-095-05W5	16-34-095-05W5	Operating	100%
54136	6	0.70	Steel	01-03-096-05W5	16-34-095-05W5	Operating	100%

THE FOLLOWING COMPRISES SCHEDULE "C" ATTACHED TO AND FORMING PART OF A PURCHASE AND SALE AGREEMENT DATED THE • DAY OF March, 2020 BETWEEN HARDIE & KELLY INC., solely in its capacity as Trustee of OAN ENERGY INC, and not in its personal or corporate capacity, and •

RIGHTS OF FIRST REFUSAL



THE FOLLOWING COMPRISES SCHEDULE "D" ATTACHED TO AND FORMING PART OF A PURCHASE AND SALE AGREEMENT DATED THE • DAY OF March, 2020 BETWEEN HARDIE & KELLY INC., solely in its capacity as Trustee of OAN ENERGY INC. and not in its personal or corporate capacity, and CRIMSON ENERGY LTD.

GENERAL CONVEYANCE

THIS GENERAL CONVEYANCE made as of this ____ day of _____, 2020.

BETWEEN:

HARDIE & KELLY INC., in its capacity as the Trustee of **OAN RESOURCES LTD.** and not in its personal or corporate capacity (hereinafter referred to as "**Vendor**")

- and -

CRIMSON ENERGY LTD., a corporation incorporated under the laws of Alberta (hereinafter referred to as "**Purchaser**")

WHEREAS OAN Resources Ltd. ("**OAN**") was deemed to have made an assignment into bankruptcy as of October 16, 2019 and Hardie and Kelly Inc. ("**Trustee**") was appointed as Trustee of the bankrupt estate of OAN;

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

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

1. Definitions

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

"**Purchase Agreement**" means that Purchase and Sale Agreement between Vendor and Purchaser dated •, 2020.

2. Conveyance

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

3. Subordinate Document

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

4. No Merger

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

5. Governing Law

This General Conveyance shall be subject to and interpreted, construed and enforced in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and shall, in every regard, be treated as a contract made in the Province of Alberta. The Parties irrevocably attorn and submit to the exclusive jurisdiction of the courts of the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of this Agreement.

6. Enurement

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

7. Further Assurances

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

8. Counterpart Execution

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

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

HARDIE & KELLY INC., solely in its capacity as
the Trustee of **OAN RESOURCES LTD.** and not in
its personal or corporate capacity

CRIMSON ENERGY LTD.

Per: _____
Name: Marc Kelly
Title: Senior Vice President

Per: _____
Name: Michael O'Byrne
Title: President

Per: _____
Name:
Title:

Per: _____
Name:
Title:

THE FOLLOWING COMPRISES SCHEDULE "E" ATTACHED TO AND FORMING PART OF A PURCHASE AND SALE AGREEMENT DATED THE • DAY OF March, 2020 BETWEEN HARDIE & KELLY INC., solely in its capacity as Trustee of OAN ENERGY INC. and not in its personal or corporate capacity, and CRIMSON ENERGY LTD.

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

TO: [Name of Vendor/Purchaser] [(the "Vendor")] [(the "Purchaser")]

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

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

I, [Name], [Position] of [Name of Vendor/Purchaser] [(the "Vendor")] [(the "Purchaser")] hereby certify that as of the date of this Certificate:

1. The undersigned is personally familiar, in [his][her] capacity as an officer of [Vendor][Purchaser], with the matters hereinafter mentioned.
2. Each of the covenants, representations and warranties of the [Vendor][Purchaser] contained in Article 4 of the Agreement were true and correct in all material respects when made and are true and correct in all material respects as of the Closing Date.
3. All obligations of [Vendor][Purchaser] contained in the Agreement to be performed prior to or at Closing have been timely performed in all material respects.
4. This Certificate is made for and on behalf of the [Vendor][Purchaser] and is binding upon it, and I am not incurring, and will not incur, any personal liability whatsoever with respect to it.
5. This Certificate is made with full knowledge that the [Vendor][Purchaser] is relying on the same for the Closing of the transactions contemplated by the Agreement.

IN WITNESS WHEREOF I have executed this Certificate this ___ day of _____, 2020.

[Name of Vendor/Purchaser]

Per: _____

Name: _____

Title: _____

THE FOLLOWING COMPRISES SCHEDULE "F" ATTACHED TO AND FORMING PART OF A PURCHASE AND SALE AGREEMENT THE DAY OF March, 2020 BETWEEN HARDIE & KELLY INC., solely in its capacity as Trustee of OAN ENERGY INC. and not in its personal or corporate capacity, and Crimson Energy Ltd.

COURT ORDER

COURT FILE NUMBER

Clerk's Stamp

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

PLAINTIFF

DEFENDANT

DOCUMENT

**APPROVAL AND VESTING ORDER
(Sale by Trustee)**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF PARTY
FILING THIS DOCUMENT

DATE ON WHICH ORDER WAS PRONOUNCED: _____

LOCATION WHERE ORDER WAS PRONOUNCED: _____

NAME OF JUSTICE WHO MADE THIS ORDER: _____

UPON THE APPLICATION by [Trustee's Name] in its capacity as the [Trustee/Trustee and manager] (the "Trustee") of the undertaking, property and assets of [Debtor] (the "Debtor") for an order approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale (the "Sale Agreement") between the Trustee and [Name of Purchaser] (the "Purchaser") dated [Date] and appended to the ___ Report of the Trustee dated [Date] (the "Report"), and vesting in the Purchaser (or its nominee)¹ the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets");

AND UPON HAVING READ the Application, the Report and the Affidavit of Service; AND UPON HEARING the submissions of counsel for the Trustee, the Purchaser [Names of other parties appearing].

¹ Ensure that there are no legal obstacles to the vesting of assets in a nominee (for example competition and anti-trust law). Should land be transferred and vested in a nominee, the Registrar of Land Titles requires the Purchaser to complete a Certificate of Nomination (which needs to be signed under seal if the Purchaser is a corporation. If the Purchaser is an individual, the signature needs to be witnessed with an affidavit of execution completed.)

no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service, filed;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

- [1] Service of notice of this application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and time for service of this application is abridged to that actually given.

APPROVAL OF TRANSACTIONS

- [2] The Transaction is hereby approved,² and the execution of the Sale Agreement by the Trustee is hereby authorized and approved, with such minor amendments as the Trustee may deem necessary. The Trustee is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction or for the conveyance of the Purchased Assets to the Purchaser (or its nominee).

VESTING OF PROPERTY

- [3] Upon the delivery of a Trustee's certificate to the Purchaser (or its nominee) substantially in the form set out in Schedule "A" hereto (the "Trustee's Certificate"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on Schedule "B" hereto shall vest absolutely in the name of the Purchaser (or its nominee), free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims")³ including, without limiting the generality of the foregoing:

any encumbrances or charges created by the Order;

² In some cases, notably where this Order may be relied upon for proceedings in the United States, a finding that the Transaction is commercially reasonable and in the best interests of the Debtor and its stakeholders may be necessary. Evidence should be filed to support such a finding.

³ The "Claims" being vested out may, in some cases, include ownership claims, where ownership is disputed and the dispute is brought to the attention of the Court. Such ownership claims would, in that case, still continue as against the net proceeds from the sale of the claimed asset. Similarly, other rights, titles or interests could also be vested out, if the Court is advised what rights are being affected, and the appropriate persons are served. The Committee agrees with the view of the Ontario Committee that a non-specific vesting out of "rights, titles and interests" is vague and therefore undesirable.

all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system; and

those Claims listed on **Schedule "C"** hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, caveats,² easements and restrictive covenants listed on **Schedule "D"**; and,

for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.⁴

- [4] Upon the delivery of the Trustee's Certificate, and upon the filing of a certified copy of this Order, together with any applicable registration fees, the Registrar of Land Titles of Alberta (the "Registrar") is hereby authorized, requested, and directed to cancel the existing Certificate of Title No. * for those lands and premises municipally described as *, and legally described as:

*

(the "Lands")

and to issue a new Certificate of Title for the Lands in the name of the Purchaser (or its nominee), namely, *, and to register such transfers, discharges, discharge statements of conveyances, as may be required to convey clear title to the Lands to the Purchaser (or its nominee), which Certificate of Title shall be subject only to those encumbrances (the "Permitted Encumbrances") listed on **Schedule "D"** hereto.⁵

- [5] This Order shall be registered by the Registrar notwithstanding the requirements of section 191(1) of the Land Titles Act, RSA 2000, c.L-7 and notwithstanding that the appeal period in respect of this Order has not elapsed, which appeal period is expressly waived.
- [6] For the purposes of determining the nature and priority of Claims, the net proceeds⁶ from the sale of the Purchased Assets (to be held in an interest bearing trust account by the Trustee) shall stand in the place and stead of the Purchased Assets, and from and after the delivery of the Trustee's Certificate

⁴ Should the removal of Encumbrances include removal of registrations at the Personal Property Registry involving serial numbered personal property, include this paragraph:

"[From and after the closing of the Transaction (including the payment of the purchase price by the Purchaser to the Receive), the Trustee is authorized to discharge from the Personal Property Registry any claim registered against any of the Personal Property being purchased by the Purchaser, to the extent the security interest is registered against the interest of the Debtor.]"

⁵ Paragraphs 4 and 5 only apply if the Purchased Assets include land. Should the removal of restricted covenants from title be required, the Registrar of Land Titles will require the instrument number to be expressly identified in this Order. In the event that any encumbrances (such as builders liens) were registered against the land after the date of the Order, the Registrar requires that the Order clearly states whether those encumbrances should also be discharged. If such is the case, the Committee suggests the addition of the following at the end of paragraph: "The Registrar is expressly authorized and directed to include in the discharge of the encumbrances registered against the Lands, all encumbrances registered after the date the Order was granted."

⁶ The Report should identify the disposition costs and any other costs which should be paid from the gross sale proceeds, to arrive at "net proceeds".

all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale⁷, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

- [7] The Purchaser (and its nominee, if any) shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever in respect of any Claims against the Debtor.
- [8] The Debtor and all persons who claim by, through or under the Debtor in respect of the Purchased Assets, save and except for the persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental and equity of redemption of the Purchased Assets and, to the extent that any such persons remains in possession or control of any of the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).
- [9] The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Debtor, or any person claiming by or through or against the Debtor.
- [10] Immediately after the closing of the Transaction, the holders of the Permitted Encumbrances shall have no claim whatsoever against the Trustee or the Debtor.
- [11] The Trustee is to file with the Court a copy of the Trustee's Certificate, forthwith after delivery thereof to the Purchaser (or its nominee).
- [12] Pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act* and section 20(e) of the Alberta *Personal Information Protection Act*, the Trustee is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Debtor's records pertaining to the Debtor's past and current employees, including personal information of those employees listed in the Sale Agreement. The Purchaser (or its nominee) shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

[13] Notwithstanding:

The pendency of these proceedings;

⁷ This provision crystallizes the date as of which the Claims will be determined. If a sale occurs early in the insolvency process, or potentially secured claimants may not have had the time or the ability to register or perfect proper claims prior to the sale, this provision may not be appropriate, and should be amended to remove this crystallization concept.

Any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and

Any assignment in bankruptcy made in respect of the Debtor

the vesting of the Purchased Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

[14] The Trustee, the Purchaser (or its nominee) and any other interested party, shall be at liberty to apply for further advice, assistance and directions as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.

MISCELLANEOUS MATTERS

[15] This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Trustee 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 as to provide such assistance to the Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Trustee and its agents in carrying out the terms of this Order.

[16] This Order must be served only upon those interested parties attending or represented at the within application and service may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents.

[17] Service of this Order on any party not attending this application is hereby dispensed with.

J.C. C.Q.B.A.

Schedule "A"

Form of Trustee's Certificate

COURT FILE NUMBER

Clerk's Stamp

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

PLAINTIFF

DEFENDANT

DOCUMENT

TRUSTEE'S CERTIFICATE

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

RECITALS

- A. **[Name of Trustee]** was appointed as the Trustee (the "Trustee") of the undertaking, property and assets of **[Debtor]** (the "Debtor").
- B. Pursuant to an Order of the Court dated **[Date]**, the Court approved the agreement of purchase and sale made as of **[Date of Agreement]** (the "Sale Agreement") between the Trustee and **[Name of Purchaser]** (the "Purchaser") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Trustee to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section * of the Sale Agreement have been satisfied or waived by the Trustee and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Trustee.
- C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE TRUSTEE CERTIFIES the following:

1. The Purchaser (or its nominee) has paid and the Trustee has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;

2. The conditions to Closing as set out in section * of the Sale Agreement have been satisfied or waived by the Trustee and the Purchaser (or its nominee); and
3. The Transaction has been completed to the satisfaction of the Trustee.
4. This Certificate was delivered by the Trustee at [Time] on [Date].

[Name of Trustee], in its capacity as Trustee of the undertaking, property and assets of [Debtor], and not in its personal capacity.

Per; _____

Name:

Title:

APPENDIX “B”

**OAN Resources Ltd., in bankruptcy
Statement of Receipts and Disbursements
as at March 16, 2020**

Receipts

Cash in bank	\$ 92,427.63
Residual cash from retainers	55,736.87
Deposit on pending sale	1,000.00
Interest	31.87

149,196.37

Disbursements

Operational consultants	18,974.76
Trustee's fees and expenses	14,562.00
Sales advisor work fee	10,000.00
Legal fees and disbursements	2,565.00
GST paid	2,452.45
Software licensing	2,218.40
Telephone	416.00
Miscellaneous	320.00
Advertising of first meeting of creditors	162.01

51,670.62

Cash on hand

\$ 97,525.75