

COURT FILE NUMBER 25-2703459
COURT COURT OF QUEEN'S BENCH OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *BANKRUPTCY
AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3,
AS AMENDED

AND IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF SALT
BUSH ENERGY LTD.

DOCUMENT

AFFIDAVIT OF DAVID MESSINA

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT

McCARTHY TÉTRAULT LLP
Barristers & Solicitors
Sean Collins / Nathan Stewart
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AFFIDAVIT OF DAVID MESSINA

Sworn February 3, 2021

I, David Messina, of the City of Perth, in the State of Western Australia, Australia, MAKE OATH AND SAY THAT:

1. I am a director of Salt Bush Energy Ltd. (the "**Debtor**"). I have 10 years of experience in the oil and gas industry and 25 years at the executive level in various private and public companies. Additionally, I have reviewed the books and records maintained by and in the possession of the Debtor, in the ordinary course of business. Based on the aforementioned and upon such review, I have personal knowledge of the facts and matters hereinafter sworn to, except where stated to be based on information and belief, in which case, I believe such information to be true.

2. I swear this affidavit in support of an application (the "**Application**") by the Debtor for an Order granting, among other things, the following relief:

- (a) deeming service of the Application to be good and sufficient;
- (b) extending the period within which the Debtor may file a proposal (the "**Filing Period**") by 45 days, up to and including March 29, 2021, or such other date as this Honourable Court may order;
- (c) authorizing and empowering the Debtor and the Proposal Trustee (as defined below) to implement the SISP (as defined below);
- (d) granting the Debtor and the Proposal Trustee (as defined below) leave to apply to this to this Honourable Court to amend, vary, or seek advice, directions, or the approval of any transactions, in connection with the SISP;
- (e) authorizing and empowering the Debtor, *nunc pro tunc*, to enter into, execute, and deliver the Stalking Horse APA (as defined below);
- (f) approving the draft Interim Financing Term Sheet (as defined below) and authorizing the Debtor to obtain an interim financing facility thereunder (the "**Interim Financing Facility**"), permitting the Debtor to obtain advances in the maximum aggregate amount of \$150,000, to allow the Debtor to satisfy its future expenses in connection with its ongoing operations during the Filing Period and the within proceedings;
- (g) granting the following charges against the Debtor's current and future assets, undertakings and properties of every kind and nature whatsoever, and wherever situate including all proceeds thereof (collectively, the "**Property**"), for the purpose of securing the payment and performance of:
 - (i) the Debtor's obligations outstanding from time to time in connection with the Interim Financing Facility (the "**Interim Financing Charge**");
 - (ii) the Debtor's obligations in connection with the Break Fee and Expense Reimbursement (as defined below) (the "**Break Fee Charge**"); and,



- (iii) the fees and expenses of the Debtor's counsel, the Proposal Trustee, and the Proposal Trustee's counsel, in connection with the within proceedings (the "**Administration Charge**", the Interim Financing Charge, the Administration Charge and the Break Fee Charge are collectively referred to as, the "**Charges**").
 - (h) declaring that the Charges rank in priority to all existing liens, security interests, encumbrances, or claims, with respect to, concerning, or as and against all of the Debtor's Property;
 - (i) authorizing the Debtor to pay the reasonable fees and disbursements of the Proposal Trustee, the Proposal Trustee's counsel, and the Debtor's counsel; and,
 - (j) such further and additional relief as may be sought by the Debtor and approved by this Honourable Court,
- (collectively, the "**Relief Sought**).

Background

3. The Debtor is a wholly-owned subsidiary of Whitebark Energy Ltd. ("**Whitebark**"). Whitebark is a reporting issuer listed on the Australian Securities Exchange, and is engaged in the business of oil and gas exploration and production. Whitebark conducts operations in Canada and Western Australia through its subsidiaries, including the Debtor.
4. The Debtor is an oil and gas exploration and production company based in the City of Calgary, and conducts business within the Province of Alberta. Specifically, the Debtor is engaged in the business of operating working interests in the Wizard Lake Oil Field, located approximately fifty (50) kilometers southwest of the City of Edmonton. The Debtor is a Named Alberta Corporation and its registered and records office is located at 600, 815 - 8th Avenue SW, Calgary, Alberta, T2P 3P2.
5. Now shown to me and marked as Exhibit "**A**" to this, my Affidavit, is a copy of the Alberta Corporate Registry search results with respect to the Debtor, dated as of January 07, 2021.
6. The Debtor was incorporated in 2017 for the purpose of pursuing opportunities in the Canadian oil and as industry, and was initially successful in that endeavour. During the period of



2019-2020, the Debtor drilled three (3) wells in the Wizard Lake Oil Field, constructed accompanying facilities and pipelines, and conducted various repair and upgrade programs with respect to its assets.

7. More recently, the Debtor has faced significant liquidity constraints as a result of various factors, including recent declines in oil prices. The Debtor has made substantial capital expenditures in connection with its Wizard Lake Oil Field assets, and believes that there is value in such assets, but production has not yet matched expenditures. Accordingly, in January 2021, Whitebark informed the Debtor that it is no longer willing to fund the Debtor's ongoing operations in the ordinary course, absent a resolution of the aforementioned issues.

8. On January 13, 2021 (the "**Filing Date**"), the Debtor filed a Notice of Intention to Make a Proposal (the "**NOI**") under and pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"). Deloitte Restructuring Inc. was appointed as the proposal trustee (the "**Proposal Trustee**") in the Debtor's NOI proceedings (the "**NOI Proceedings**").

Extension of Filing Period

9. The period within which the Debtor has to file its proposal expires on February 12, 2021.

10. Since the commencement of the NOI Proceedings, the Debtor has been diligently pursuing activities aimed at the presentation of a proposal and the restructuring of its going concern business. Such activities include:

- (a) preparing and analyzing the list of creditors;
- (b) providing the Proposal Trustee with access to the Debtor's premises, property, and books and records;
- (c) working with the Proposal Trustee and counsel to engage with creditors and answer creditor inquiries regarding the NOI Proceedings, and engaging with creditors and stakeholders generally, to address concerns that have been raised since the lodging of the NOI;
- (d) working with the Proposal Trustee and counsel to prepare a cash flow projection, and to identify issues with respect to the financial condition of the Debtor and the status of its creditors;

- (e) engaging in discussions with the Proposal Trustee and Whitebark with respect to the development of the SISP and the Stalking Horse APA, further particulars of which are set out below;
- (f) advising the Alberta Energy Regulator (the "AER") of the filing of the NOI;
- (g) engaging with the Proposal Trustee and Whitebark to identify the quantum of required financing during the Projection Period (as defined below), pursuant to the Debtor's cash flow statements, and with Whitebark with respect to the negotiation and development of the Interim Financing Term Sheet; and,
- (h) responding to inquiries from various creditors regarding the status of the NOI Proceedings.

11. The Debtor is committed to ensuring that a transaction occurs to maintain its business (albeit in a restructured form) through the Stalking Horse APA, and to maximizing value for its creditors and other stakeholders through the proposed SISP. In order to continue to work towards the formulation and filing of a proposal, as further discussed below, the Debtor requires an extension of the period within which the it may file a proposal, pursuant to section 50.4(9) of the BIA.

12. Now shown to me and attached hereto as Exhibit "B" to this, my Affidavit, is a true copy of the Debtor's cash flow projection to the week ending April 08, 2021 (the "CFF"). The CFF projects that the Debtor will require approximately \$80,000 in interim financing to meet its post-filing obligations up until April 08, 2021 (such period being, the "Projection Period"). The Debtor has drafted the SISP so as to conclude shortly after this date, and the Interim Financing Term Sheet contemplates additional availability up to the amount of \$150,000, should it be required.

13. If the Interim Financing Facility is approved, the Debtor projects having sufficient cash flow to meet its obligations during the entirety of the Projection Period. For clarity, the Debtor does not anticipate that it will have sufficient liquidity unless the Interim Financing Facility is approved. As set out in the CFF, the Debtor will otherwise face an operating shortfall.

14. While the Stalking Horse APA contemplates an asset transaction, the SISP is designed to permit both sale offers and restructuring offers to be made by any person to the Debtor. This preserves the ability of an interested party to make a Superior Offer (as defined in the SISP) to the Debtor that would be implemented by way of a proposal under the BIA. The Stalking Horse



APA creates certainty that a transaction will result from the SISP, but does not prevent a viable proposal from being completed under the BIA.

15. Accordingly, I verily believe that the Debtor has acted and is acting in good faith and with due diligence and that if the Relief Sought is granted:

- (a) the Debtor will likely be able to make a viable proposal if a Superior Offer is advanced by way of a restructuring bid; and,
- (b) no creditor will be materially prejudiced.

Implementation of the SISP and Approval of the Stalking Horse APA

16. The Debtor has, in consultation with the Proposal Trustee, developed the Sale and Investment Solicitation Procedures ("**SISP**"). Now shown to me and attached as Exhibit "C" to this, my Affidavit, is a true copy of the SISP.

17. The SISP contemplates that the Debtor's Property will be marketed in an open and transparent manner by the Proposal Trustee. The purpose of the SISP is to canvas the market for a Superior Offer (as defined in the SISP), which as described above, may take the form of a restructuring or refinancing offer, or an asset sale.

18. The SISP contemplates a two-phase process. The first phase will consist of a marketing and bid solicitation phase ("**Phase 1**"), followed by a determination by the Proposal Trustee as to whether any Qualified Bids (as defined in the SISP) have been submitted. If there are any Qualified Bids at the conclusion of Phase 1, the Proposal Trustee shall extend invitations to Qualified Bidders (as defined in the SISP) and the Stalking Horse Purchaser (as defined below) to attend an auction process (the "**Phase 2 Auction**"). Upon completion of the Phase 2 Auction, the Proposal Trustee will determine whether a Superior Offer has been received.

19. The SISP contemplates the following milestone deadlines:

- (a) the SISP will be commenced on February 15, 2021 (the "**SISP Commencement Date**"), by the Proposal Trustee preparing, in consultation with the Debtor, a list of known potential strategic and financial bidders;



- (b) the Phase 1 bid deadline, for the delivery of offers, shall conclude at 5:00 p.m. (Calgary time) on April 16, 2021 (the "**Bid Deadline**"), being 60 days after the SISP Commencement Date;
- (c) the Proposal Trustee shall extend invitations to all Qualified Bidders (as defined in the SISP) to attend the Phase 2 Auction on the third business day after the Bid Deadline;
- (d) the Phase 2 Auction shall be held no earlier than five (5) Business Days after the Phase 1 Bid Deadline, and no later than April 28, 2021; and,
- (e) the contemplated completion date, for the closing of any transaction arising out of the SISP, is May 17, 2021.

20. Accordingly, the SISP is contemplated to run for a total of 91 days from the date of commencement to the date of completion of a transaction, in accordance with the terms thereof.

21. Pursuant to the terms of the Interim Financing Term Sheet, the winning bid under and pursuant to the SISP must provide for the repayment, in full and in cash, of all outstanding amounts under the Interim Financing Facility.

22. As contemplated by the SISP, the Debtor seeks approval, *nunc pro tunc*, to enter into, execute, and deliver, the Asset Purchase Agreement, dated February 2, 2021 (the "**Stalking Horse APA**"), between the Debtor and Ironbark Energy Ltd. (the "**Stalking Horse Purchaser**"). Now shown to me and attached as Exhibit "**D**" to this, my Affidavit, is a true copy of the Stalking Horse APA.

23. The Stalking Horse Purchaser is a wholly-owned Canadian subsidiary of Whitebark and is thus related to the Debtor. The Stalking Horse APA, if ultimately determined to be the winning bid in accordance with the SISP, will constitute a non-arm's length transaction. The Stalking Horse APA contemplates the following:

- (a) the Stalking Horse Purchaser shall purchase, be assigned, and acquire from the Debtor the Assets (as defined in the Stalking Horse APA); and,
- (b) as consideration for the Assets:



- (i) the Stalking Horse Purchaser shall pay, in cash, the Cure Costs (as defined in the Stalking Horse APA);
- (ii) the Stalking Horse Purchaser shall pay, in cash, an amount sufficient to satisfy any amounts owing under the Administrative Charge (if such Administration Charge is granted) at the time of closing;
- (iii) the Stalking Horse Purchaser shall deliver an irrevocable direction from Whitebark Energy Ltd. to the Debtor and the Proposal Trustee providing that any dividends or similar distributions that Whitebark Energy Ltd. is entitled to receive in the NOI Proceedings be distributed for the benefit of all of the Debtor's unsecured creditors other than Whitebark Energy Ltd. (the "Direction"); and
- (iv) the Stalking Horse Purchaser shall pay, in cash, the amount of \$336,000, net of any amounts paid to satisfy the Cure Costs and Administration Charge.

24. Whitebark holds approximately 82.5% of the Debtor's unsecured obligations. The inclusion of the Direction concept in the Stalking Horse APA is thus intended to reduce the amount of cash consideration required on closing, without prejudicing the recoveries of any of the Debtor's other creditors with respect to the total value available under the Stalking Horse APA.

25. By way of example, if the Stalking Horse Purchaser tendered a bid in the amount of \$100, and assuming that there are no secured creditors, Whitebark would (subject to the evaluation of its claim by the Proposal Trustee and various related matters) ordinarily be entitled to a dividend of \$82.50, and the other creditors of the Debtor would receive \$17.50. Instead of paying that \$100, under the structure proposed in the Stalking Horse APA, the Stalking Horse Purchaser would simply pay \$17.50, and the Whitebark dividend would also be distributed to the unsecured creditors. The net result is thus the same as if a greater amount had been paid in cash.

26. The Debtor has determined that the total value of the Stalking Horse APA, inclusive of the cash portion of the Purchase Price and the Direction for the benefit of the Company's unsecured creditors (and accounting for the payment of the Interim Lender's Charge from the cash portion of the Purchase Price), will be approximately \$2,000,000. The SISP provides that only the Stalking Horse Purchaser may deliver a Direction as part of its bid, and any other Qualified Bid



(as defined in the SISP) must provide for cash consideration and the repayment in full of the amounts outstanding under the Interim Financing Facility upon closing of such Qualified Bid.

27. I understand that the Assumed Liabilities, to be assumed by the Stalking Horse Purchaser pursuant to the Stalking Horse APA, will include, collectively, all liabilities and obligations arising from the possession, ownership and/or use of the Assets following closing, along with Environmental Liabilities, Abandonment and Reclamation Obligations and Cure Costs (all as defined in the Stalking Horse APA).

28. The Stalking Horse APA contains certain protections for the Stalking Horse Purchaser, including:

- (a) reimbursement of the reasonable expenses of the Stalking Horse Purchaser made in connection with the Stalking Horse APA and the SISP, to the maximum amount of \$25,000; and,
- (b) if a Superior Offer is selected, the payment to the Stalking Horse Purchaser of a break fee in the amount of \$50,000,

(collectively, the "**Break Fee and Expense Reimbursement**").

29. The Stalking Horse APA contemplates that the Break Fee and Expense Reimbursement shall be secured by a charge (the "**Break Fee Charge**"), in the maximum aggregate amount of \$75,000, in favour of the Stalking Horse Purchaser, to secure the payment and performance of the Debtor's obligations in connection with the Break Fee and Expense Reimbursement.

30. The Stalking Horse APA is binding on the Stalking Horse Purchaser and conditional on obtaining Court approval of: (i) the Stalking Horse APA; and, (ii) the vesting of the Assets in the name of the Stalking Horse Purchaser, free and clear of all claims, liens, and encumbrances other than the Assumed Liabilities. Furthermore, the Stalking Horse APA automatically terminates upon a Superior Offer being completed pursuant to and in accordance with the SISP.

31. By entering into the Stalking Horse APA, in conjunction with the commencement of the SISP, the Stalking Horse APA provides the Debtor with a binding and definitive agreement, in the event that no Superior Offer arises, which will provide a means by which the Debtor will be able to successfully restructure its business and continue such business as a going concern, albeit under the control and possession of the Stalking Horse Purchaser.



32. Upon completing the SISP, the Debtor intends to seek: (i) approval of the vesting and transfer of the Assets to the Stalking Horse Purchaser, substantially in accordance with the terms of the Stalking Horse APA; or, should a Superior Offer arise, (ii) approval of the Superior Offer and any corresponding agreement and the vesting of the property, as contemplated therein.

33. Because the Stalking Horse APA is with a related party, the Proposal Trustee has the sole authority to administer the SISP (including the sole authority to receive communications from bidders in connection with the SISP, unless the Proposal Trustee expressly directs otherwise) and to determine: (i) at the completion of Phase 1, whether a Qualified Bid has been made; and, if one or more Qualified Bids have been made, (ii) at the completion of the Phase 2 Auction, whether a Superior Offer has been made in accordance with the terms of the SISP. If, after the conclusion of the Phase 2 Auction, the Proposal Trustee determines that a Superior Offer has been made, the Debtor will be obligated to proceed with such Superior Offer in accordance with the terms of the SISP. If no Superior Offer is received, the Debtor will be obligation to proceed with the Stalking Horse APA in accordance with the terms of the SISP.

34. The SISP contemplates that the Proposal Trustee will engage in the marketing of the Assets. Among other things: (i) the Proposal Trustee shall market the Debtor's Property in the Globe and Mail, National Edition; the BOE Report; and, the Daily Oil Bulletin; (ii) the Debtor and the Proposal Trustee shall work to compile a list of known potential strategic and financial bidders (the "**Known Potential Bidders**"); (iii) the Proposal Trustee will give notice of the SISP to the Known Potential Bidders; and, (iv) the Proposal Trustee, with the assistance of the Debtor, shall compile a virtual data room (the "**VDR**") and make the VDR available to interested parties, including the Stalking Horse Purchaser.

35. Upon conclusion of the 60-day Phase 1 due diligence and bidding period, the Debtor believes that the market for an alternative transaction to the Stalking Horse APA will have been properly and appropriately canvassed through the SISP.

Interim Financing Facility

36. As described above, the Debtor does not project to have sufficient cash flow to meet its obligations during the Filing Period, absent the approval of the Interim Financing Facility. The Debtor accordingly seeks approval of the draft Debtor-in-Possession Financing Term Sheet (the "**Interim Financing Term Sheet**") between the Debtor, as borrower, and Whitebark (in this capacity and if so approved, the "**Interim Lender**"), as lender, and authorization to obtain the



Interim Financing Facility thereunder. Attached hereto and marked as Exhibit "E" to this my Affidavit, is a true copy of the Interim Financing Term Sheet.

37. The Interim Lender has indicated that, absent the approval an interim financing charge and the priority accorded thereunder, it is not willing to finance the Debtor's operations.

38. The Debtor seeks approval of advances up to the amount of \$150,000 under the Interim Financing Facility, and a corresponding Interim Financing Charge over the Property, to fund the Debtor's expenses during the Projection Period. The Interim Financing Term Sheet contemplates the following material terms:

Borrower	Salt Bush Energy Ltd. (in this capacity and if so approved, the "Borrower")
Lender	Whitebark Energy Ltd. (in this capacity and if so approved, the "Lender")
Interim Financing Facility Amount and Advances	<p>The maximum aggregate principal amount of the Interim Financing Facility is \$150,000, which will be made available to the Borrower in multiple tranches (each an "Advance"), as may be requested by the Borrower at the Borrower's sole discretion.</p> <p>The minimum principal amount of each Advance shall be at least \$50,000.</p>
Interest	15% <i>per annum</i> . Upon and during the continuance of an Event of Default, the applicable rate of interest shall be increased by 2% <i>per annum</i> above the otherwise then applicable rate.
Pricing and Fees	No standby fee or commitment fee shall be chargeable.
Purposes	Advances are to be made available pursuant to the Interim Financing Facility solely for the operating purposes of the Borrower after the Filing Date, including, without limitation, for the purposes of implementing the NOI Proceedings, the SISP, and any proposal within the NOI Proceedings, and paying the Permitted Fees and Expenses (as defined in the Interim Financing Term Sheet).

Maturity	All Advances made under the Interim Financing Facility will mature and be fully repayable on the earliest of: (a) the occurrence of any Event of Default which is continuing and has not been cured, provided that the Lender provides written notice to the Borrower; (b) the date that is six (6) months after the Filing Date or such later date as the Lender may agree in writing; (c) the completion of a sale or sales of all or substantially all of the Borrower's assets, property and undertaking, pursuant to the SISP, as approved by the Court, regardless of whether such sale or sales shall take the form of the Stalking Horse APA or a Superior Offer; and, (d) the implementation of a proposal to the Borrower's creditors within the NOI Proceedings.
Repayment	The Interim Financing Facility must be repaid in full upon closing of a sale or restructuring transaction pursuant to the SISP, from a portion of the cash consideration thereunder.

39. I believe that the Interim Financing Term Sheet is fair and reasonable in the circumstances, having regard to, among other things: (a) the length of the Filing Period; (b) the timelines provided for in the SISP; (c) how the Debtor's business and financial affairs are to be managed during these NOI Proceedings and the SISP process; (d) the likelihood that the Interim Financing Facility will enhance the prospects of a viable proposal to the Debtor's creditors; and, (e) the Debtor's cash flow projections as set out in the CFF.

Administration Charge

40. The Debtor requests that this Honourable Court grant a charge in favour of the Debtor's counsel, Proposal Trustee and the Proposal Trustee's counsel, to secure the payment of fees and expenses incurred in connection with the NOI Proceedings, in priority to existing creditors of



the Debtor (including secured creditors). The services of such persons will be necessary in order to effect the completion of the SISP and the restructuring of the Debtor as a going concern. Accordingly, the Debtor seeks an Administration Charge in the amount of \$150,000. The Debtor has sought and obtained guidance from the Proposal Trustee in proposing this amount.

41. I believe that the quantum of the proposed Administration Charge is fair and reasonable in light of the number of beneficiaries, the size and complexity of the business, and the complexity of the proposed re-structuring.

Priority of Charges

42. The Debtor proposes the following priority in respect of the Charges:

- (a) **First** - Administration Charge (to the maximum amount of \$150,000);
- (b) **Second** - Interim Financing Charge (to the maximum amount of \$150,000); and,
- (c) **Third** - Break Fee Charge (to the maximum amount of \$75,000).

Conclusion

43. I make this affidavit in support of the Application for the Relief Sought, and for no other or improper purpose.

Process for Commissioning of this Affidavit

44. I am not physically present before the Commissioner for Oaths (the "**Commissioner**") taking this Affidavit, but I am linked with the Commissioner by video technology. The following steps have been or will be taken by me and the Commissioner:

- (a) I have shown the Commissioner the front and back of my current government-issued photo identification ("**ID**") and the Commissioner has compared my video image to the information on my ID;
- (b) the Commissioner has taken a screenshot of the front and back of my ID to retain it;
- (c) the Commissioner and I have a paper copy of this Affidavit before us;

- (d) the Commissioner and I have reviewed each page of this Affidavit to verify that the pages are identical and have initialed each page in the lower right corner;
- (e) at the conclusion of our review of the Affidavit, the Commissioner administered the oath to me, and the Commissioner watched me sign my name to this Affidavit; and
- (f) I will send this signed Affidavit electronically to the Commissioner.

SWORN BEFORE ME by two-way video)
conference, on this 3rd day of February,)
2021.)



_____)
Commissioner for Oaths in and for the)
Province of Alberta)

Nathan A. Stewart
Barrister & Solicitor

_____) DAVID MESSINA



This is Exhibit "A" referred to in the Affidavit of David Messina
sworn before me by two-way video conference this 3rd day of February, 2021.



A Commissioner for Oaths in and for the Province of Alberta

Nathan A. Stewart
Barrister & Solicitor



Government Corporation/Non-Profit Search of Alberta ■ Corporate Registration System

Date of Search: 2021/01/07
Time of Search: 11:07 AM
Search provided by: MCCARTHY TETRAULT LLP
Service Request Number: 34640795
Customer Reference Number: n.stewart/rt

Corporate Access Number: 2020351884
Business Number: 712552520
Legal Entity Name: SALT BUSH ENERGY LTD.
Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2017/04/05 YYYY/MM/DD

Registered Office:

Street: 600, 815 - 8TH AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P3P2

Records Address:

Street: 600, 815 - 8TH AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P3P2

Email Address: CAROL@CASCORP.CA

Directors:

Last Name: KEENIHAN
First Name: STEPHEN
Street/Box Number: LEVEL 2, 6 THELMA STREET, P.O. BOX 1195
City: WEST PERTH-WA
Postal Code: 6005
Country: AUSTRALIA

Last Name: MESSINA
First Name: DAVID
Street/Box Number: LEVEL 2, 6 THELMA STREET, P.O. BOX 1195

City: WEST PERTH-WA
Postal Code: 6005
Country: AUSTRALIA

Last Name: SMITH
First Name: WILLIAM
Middle Name: H.
Street/Box Number: 2220 NORTH TOWER, SUN LIFE PLAZA, 140 - 4 AVE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P3N3

Voting Shareholders:

Last Name: WHITEBARK ENERGY LTD.
Street: LEVEL 2, 6 THELMA STREET, P.O. BOX 1195
City: WEST PERTH-WA
Postal Code: 6005
Country: AUSTRALIA
Percent Of Voting Shares: 100

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE SHARE STRUCTURE SCHEDULE ATTACHED HERETO
Share Transfers Restrictions: SEE RESTRICTIONS ON SHARE TRANSFERS SCHEDULE ATTACHED HERETO
Min Number Of Directors: 1
Max Number Of Directors: 15
Business Restricted To: NO RESTRICTIONS
Business Restricted From: NO RESTRICTIONS
Other Provisions: SEE OTHER RULES OR PROVISIONS SCHEDULE ATTACHED HERETO

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2020	2020/03/18

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2017/04/05	Incorporate Alberta Corporation
2019/06/27	Change Director / Shareholder
2020/02/22	Update BN
2020/03/18	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2017/04/05
Restrictions on Share Transfers	ELECTRONIC	2017/04/05
Other Rules or Provisions	ELECTRONIC	2017/04/05

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



This is Exhibit "B" referred to in the Affidavit of David Messina
sworn before me by two-way video conference this 3rd day of February, 2021.



A Commissioner for Oaths in and for the Province of Alberta

Nathan A. Stewart
Barrister & Solicitor



Salt Bush Energy Ltd. ("SBE")
Statement of Projected Cash Flow
For the Period ending April 18, 2021
(\$CDN)

Week Ending	Notes	24-Jan-21	31-Jan-21	7-Feb-21	14-Feb-21	21-Feb-21	28-Feb-21	7-Mar-21	14-Mar-21	21-Mar-21	28-Mar-21	4-Apr-21	11-Apr-21	18-Apr-21	Total Forecast
		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash Flow from Operating Activities															
Receipts															
Oil															
1	Gross (WCS pricing)		124,163				139,993				126,346				390,502
	Less:														
	Processing Fees		(8,863)				(8,686)								(7,689)
	OP + Water + Truck		(7,852)				(7,895)								(6,812)
	Royalty		(21,739)				(24,783)								(22,359)
			(38,454)				(41,165)								(36,859)
	Oil - Netback revenues		124,163				139,993								273,984
2	Natural Gas		63,541				50,833				47,245				161,620
	Less:														
	AECOBIP Fees		(6,254)				(6,129)								(5,425)
	Processing Fees		(23,860)				(23,383)								(17,808)
	Royalty		(10,107)				(7,846)								(67,942)
			(40,221)				(37,358)								(25,303)
	Natural Gas - Netback revenues		63,541				50,833				47,245				50,567
3	NGL		5,908				5,790				5,125				16,822
	Less:														
	Processing Fees		(788)				(773)								(2,245)
	Royalty		(788)				(773)								(2,245)
			(1,576)				(1,546)								(4,490)
	NGL - Netback revenues		5,908				5,790				5,125				14,577
			133,613				195,616				178,716				339,129
	Total Receipts		133,613				195,616				178,716				339,129
Disbursements															
4	Operating expenses		(48,000)				(6,331)				(10,330)				(16,661)
	Property taxes						(1,632)				(1,000)				(2,632)
5	Equipment rental						(26,385)				(43,865)				(69,460)
6	Corporate C&A						(49,000)				(34,000)				(131,000)
7	Contingency						(15,000)				(103,395)				(90,000)
			(48,000)				(98,358)				(103,395)				(248,753)
	Total Disbursements		(48,000)				(98,358)				(103,395)				(248,753)
	Operating Cash Flow		145,613				98,258				75,321				89,376
Professional Fees															
8	Deloitte Restructuring Inc.		(30,000)				(30,000)								(60,000)
	Deloitte's independent legal counsel		(5,000)				(5,000)								(10,000)
	McCarthy LLP		(25,000)				(25,000)								(50,000)
	Professional Fees		(60,000)				(60,000)								(110,000)
Financing Activities															
9	Debtor-in-possession financing						30,841								30,841
	Financing Activities						30,841								30,841
	Total Net Change in Cash		145,613				98,258				75,321				89,376
	Opening Cash Balance		14,047				20,196				10,000				44,243
	Closing Cash Balance		14,047				20,196				10,000				133,613

Deloitte Restructuring Inc.,
in its capacity as Trustee under the proposal of
Salt Bush Energy Ltd. and not in its personal or
corporate capacity.



David Messina, Director

Per: Bob Taylor, Senior Vice-President



Salt Bush Energy Ltd. ("SBE")
 Statement of Projected Cash Flow
 For the Period ending April 18, 2021
 (\$CDN)

Notes and assumptions:

- 1 Oil revenues, based on well performance metrics and Western Canada Select ("WCS") pricing, are collected one month in arrears. The corresponding direct costs including processing fees, trucking costs, and royalties are paid one week following the collection of gross revenues.
- 2 Natural gas revenues, based on oil to gas ratio and AECO 5A pricing, are collected one month in arrears. Corresponding direct costs comprises AECO fees, processing fees, and royalties. Processing fees are settled in kind for gas product. Excess volumes are sold to a third party by SBE.
- 3 Natural gas liquids revenues are based on production volumes of natural gas and are collected one month in arrears. Corresponding direct costs including processing fees and royalties are paid one week following the collection of gross revenues.
- 4 Operating expenses comprise disposal water trucking, regular equipment maintenance, safety and environmental, small tools and equipment, and supplies used in day to day operations. The operating expenses include GST where applicable.
- 5 SBE leases certain equipment, including tanks, generators, pumpjack and compressors, from third parties.
- 6 Corporate G&A comprises consulting services for two (2) field staff, six (6) head office staff, and office rent. The Corporate G&A includes GST where applicable. The staff members are integral to the on going operations of SBE and arrears for staff compensation will be paid the week ending January 31, 2021.
- 7 A contingency of \$15,000 has been projected for any unforeseen or extraordinary expenses that may arise while operating in the normal course.
- 8 Professional fees (including GST) are an estimate and will vary depending on the complexities encountered during the Company's restructuring.
- 9 SBE will require financing to continue operations over the cash flow period. Required financing is estimated to total approximately \$82,000 over the cash flow period. Whitebark Energy Inc., the parent company to SBE, has agreed to provide such financing in support of SBE's restructuring efforts. The terms and conditions of the additional finances are to be determined in due course.

	12	13	14	15	16	17	18	19	20	21	21	21	21
	28	31	30	31	30	31	31	30	31	31	31	31	31
	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22

\$52.96	\$52.85	\$52.66	\$52.43	\$52.15	\$51.80	\$51.51	\$51.21	\$50.92	\$50.64	\$50.34			
-\$15.00	-\$15.00	-\$15.00	-\$15.00	-\$15.00	-\$15.00	-\$15.00	-\$15.00	-\$15.00	-\$15.00	-\$15.00	-\$15.00	-\$15.00	-\$15.00
\$37.96	\$37.85	\$37.66	\$37.43	\$37.15	\$36.80	\$36.51	\$36.21	\$35.92	\$35.64	\$35.34			
\$49.30	\$49.16	\$48.91	\$47.99	\$47.63	\$47.18	\$46.22	\$45.84	\$45.47	\$45.11	\$44.73			

\$ 2.10	\$ 1.84	\$ 1.73	\$ 1.76	\$ 1.85	\$ 1.86	\$ 1.84	\$ 1.84	\$ 1.97	\$ 2.05	\$ 2.27			
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\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 27.01	\$ 26.72	\$ 26.73	\$ 26.76	\$ 26.78	\$ 26.79			
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\$52.96	\$52.85	\$52.66	\$52.43	\$52.15	\$51.80	\$51.51	\$51.21	\$50.92	\$50.64	\$50.34	\$0.00	\$0.00	\$0.00
11.58	9.67	7.93	7.48	7.75	8.29	8.57	9.17	9.84	10.43	11.03			
41.63	38.13	34.94	34.56	35.06	36.06	37.06	38.19	39.44	40.56	41.69			
22.71	20.80	19.06	18.61	18.88	19.42	19.70	20.30	20.97	21.56	22.16			
-\$5.00	-\$5.00	-\$5.00	-\$5.00	-\$5.00	-\$6.00	-\$6.00	-\$6.00	-\$6.00	-\$6.00	-\$6.00	-\$6.00	-\$6.00	-\$6.00
-\$6.49	-\$6.49	-\$6.49	-\$6.41	-\$6.41	-\$7.69	-\$7.59	-\$7.59	-\$7.59	-\$7.59	-\$7.59	-\$7.59	-\$7.59	-\$7.59

0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10.00	10.00	10.00	10.00	10.25	8.29	8.57	9.17	9.84	10.43	11.03			
14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50
42.00	42.00	42.00	42.00	42.00	58.72	57.61	57.23	56.86	56.51	56.13			

ML

Today 02/03/21

Volume Forecast

Rex1	decline	1.5%
Rex2	decline	1.5%
Rex3	decline	1.5%

Volume	month	1	2	3	4	5	6	7	8	9	10
		31	30	31	30	31	31	30	31	30	31

Oil *net)	/day	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Rex1	100%						493	350	325	300	
Rex2	100%						271	143	250	300	
Rex3	100%						739	572	525	500	

31.8	m3	2237	1235	1149	694	1153	890	771	885	464	500
200	bbl/mth	14070.73	7768	7227	4365	7254	5599	4850	5567	2917	2954
	bbl/d	453.9	258.9	233.1	145.5	234.0	180.6	161.7	179.6	97.3	95.3

Water	BSW increase	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
BSW	51.5%	51.5%	52.0%	52.5%	53.1%	53.6%	54.1%	54.7%	55.2%	55.8%	56.3%
	m3	2376	1339	1272	785	1332	1051	930	1092	585	645
	bbl/mth	14947	8423	8003	4937	8380	6609	5851	6866	3679	4058
	bbl/d	482	281	258	165	270	213	195	221	123	131

Nat Gas (net)	e3m3	1,609	1,539	930	1,545	893	827	1,370	779	629
GOR	35.5	79,939	59,540	33,001	54,840	38,780	29,374	48,640	27,642	22,336
Shrink	16%	2,579	1,985	1,100	1,769	1,251	979	1,569	921	721
Heat	1.1	92,822	54,356	38,320	31,740	45,030	34,108	56,479	32,097	25,935
	GJ/d	2,994	1,812	2,047	1,024	1,453	1,137	1,822	1,070	837

NGL	bbl/mmcft	1.06	158.80	99.89	60.34	100.26	70.90	88.93	50.54	40.84
	bbl	1,239.1	998.9	628.3	379.5	630.7	446.0	337.8	559.4	317.9
	bbl/d	39.97	33.30	20.27	12.65	20.34	22.76	21.02	19.43	22.93

	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
11	12	13	14	15	16	17	18	19	20	21	21	21
31	28	31	30	31	30	31	31	30	31	31	31	31
	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
460	407	442	419	425	403	408	400	379	384	376	369	369
2895	2563	2781	2637	2671	2533	2565	2514	2384	2414	2366	2318	2318
93.4	91.5	89.7	87.9	86.1	84.4	82.7	81.1	79.5	77.9	76.3	74.8	74.8
1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
56.9%	57.5%	58.0%	58.6%	59.2%	59.8%	60.4%	61.0%	61.6%	62.2%	62.9%	63.5%	63.5%
608	551	612	594	616	599	622	625	608	632	636	641	641
3822	3463	3847	3736	3876	3768	3912	3932	3826	3977	4003	4030	4030
123	124	124	125	125	126	126	127	128	128	129	130	130
617	546	592	562	569	539	546	535	508	514	504	494	494
21,889	19,375	21,022	19,937	20,190	19,148	19,390	19,002	18,022	18,250	17,885	17,527	17,527
706	692	678	665	651	638	625	613	601	589	577	565	565
25,417	22,498	24,410	23,150	23,443	22,233	22,515	22,065	20,926	21,191	20,767	20,352	20,352
820	803	787	772	756	741	726	712	698	684	670	657	657
40.02	35.42	38.43	36.45	36.91	35.01	35.45	34.74	32.95	33.37	32.70	32.04	32.04
251.7	222.8	241.8	229.3	232.2	220.2	223.0	218.5	207.2	209.9	205.7	201.6	201.6
8.12	7.96	7.80	7.64	7.49	7.34	7.19	7.05	6.91	6.77	6.63	6.50	6.50

	8	9	10	11	12	13	14	15	16	17	18	19	20
	31	30	31	31	28	31	30	31	30	31	31	30	31
Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	

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MS

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 12 28 Feb-21
 13 31 Mar-21
 14 30 Apr-21
 15 31 May-21
 16 30 Jun-21
 17 31 Jul-21
 18 31 Aug-21
 19 30 Sep-21
 20 31 Oct-21
 21 31 Nov-21

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21
31
Dec-21

\$44.73
19.0%

\$ 3.30

\$ 7.87

\$ 26.79
20.4%

\$ 7.94

\$ 3.84

\$ 2.27
18.0%

0.285

\$ 0.36

MS

This is Exhibit "C" referred to in the Affidavit of David Messina
sworn before me by two-way video conference this 3rd day of February, 2021.



A Commissioner for Oaths in and for the Province of Alberta

Nathan A. Stewart
Barrister & Solicitor



SALE AND INVESTMENT SOLICITATION PROCEDURES

Preamble

1. These Sale and Investment Solicitation Procedures (the "**SISP**") will be implemented under Division I of Part III of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") in the Division I proposal proceedings initiated by Salt Bush Energy Ltd. (the "**Company**") on January 13, 2021 (the "**NOI Proceedings**") under which Deloitte Restructuring Inc. has been appointed as proposal trustee (the "**Proposal Trustee**"). This SISP was approved by an order (the "**Approval Order**") on application by the Company to the Court of Queen's Bench of Alberta (the "**Court**") on February 12, 2021.
2. The Approval Order, *inter alia*, approved this SISP together with the entering into of a purchase and sale agreement (the "**Stalking Horse APA**") between the Company and Ironbark Energy Ltd. (the "**Stalking Horse Purchaser**") pursuant to which the Stalking Horse Purchaser made an offer to purchase substantially all of the assets of the Company (the "**Acquired Assets**").
3. The Approval Order, the procedures in respect of the SISP as contained herein (the "**SISP Procedures**") and any subsequent order issued by the Court pertaining to the SISP Procedures shall exclusively govern the process for soliciting and selecting bids for the sale of the shares in or assets of the Company, a refinancing, reorganization, recapitalization, restructuring, joint-venture, merger or other business transaction involving the Company, or some combination thereof.

Stalking Horse APA

4. The Stalking Horse APA provides that the purchase price for the acquisition of the Acquired Assets (the "**Purchase Price**") will be paid as follows:
 - (a) by the indefeasible payment, in full and in cash, of all Cure Costs (all as defined in the Stalking Horse APA);
 - (b) by the indefeasible payment, in full and in cash, of all amounts owing under the Administrative Charge (as such term is defined in the order issued by the Court in the NOI Proceedings on February 12, 2020) at the time of closing;
 - (c) by the delivery by the Stalking Horse Purchaser of an irrevocable direction from Whitebark Energy Ltd. to the Company and the Proposal Trustee providing that any dividends or similar distributions that Whitebark Energy Ltd. is entitled to receive in the NOI Proceedings be distributed for the benefit of all of the Company's unsecured creditors other than Whitebark Energy Ltd (the "**Direction**"); and,
 - (d) by the indefeasible payment, in full and in cash, of the amount of \$336,000, net of any cash amounts paid to satisfy the Cure Costs and Administrative Charge.
5. The Company has determined that the total value of the Stalking Horse APA, inclusive of the cash portion of the Purchase Price and the Direction for the benefit of the Company's unsecured creditors, will be approximately \$2,000,000.

6. The purpose of these SISP Procedures is to determine whether a higher and better offer than the Stalking Horse APA may be obtained by the Company in a formal marketing process undertaken in the NOI Proceedings and approved by the Court. For the purposes of these SISP Procedures, a "**Superior Offer**" shall mean:
- (a) a credible, reasonably certain and financially viable offer made by a Qualified Bidder (as defined herein) to acquire the assets of or shares in the Company, or a refinancing, recapitalization, joint-venture, merger or other business transaction involving the Company or some combination thereof, the terms of which offer are no less favourable and no more burdensome or conditional than the terms contained in the Stalking Horse APA; and
 - (b) that provides for consideration that, in the reasonable business judgment of the Proposal Trustee, is in excess of the value of the consideration payable pursuant to the Stalking Horse APA (being \$2,000,000, as may be amended pursuant to the participation of the Stalking Horse Bidder in the Phase 2 Auction (as defined herein)), **plus** any amounts outstanding under the Break Fee Charge (as defined in the Approval Order, in the maximum amount of \$75,000). For greater certainty, the Proposal Trustee's determination as to whether a Superior Offer has been obtained shall not be made until after the completion of the Phase 2 Auction, in accordance with the terms of these SISP Procedures.

Conduct of SISP Procedures

7. The Proposal Trustee shall conduct the SISP Procedures as outlined herein. In the event that there is a disagreement or clarification required as to the interpretation or application of these SISP Procedures or the responsibilities of any person hereunder, the Court will have the jurisdiction to hear such matter and provide advice and directions upon application of the Company, the Proposal Trustee, the Stalking Horse Purchaser or any other interested person.

"As Is, Where Is"

8. Any transaction involving the Company, the shares of the Company or the assets of the Company, will be on an "**as is, where is**" basis and without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Company, the Proposal Trustee, or any of their agents, estates, advisors, professionals or otherwise, except to the extent set forth in a written agreement with the person who is a counterparty to such a transaction.

Free of Any and All Claims and Interests

9. All of the right, title and interest of the Company in and to any assets sold or transferred within the NOI Proceedings will, at the time of such sale or transfer, be sold or transferred free and clear of any security, charge or other restriction (collectively, the "**Claims and Interests**") pursuant to approval and vesting orders made by the Court under section 65.13(7) of the BIA except for any security, charge or other restriction expressly contemplated in the Stalking Horse APA or a Superior Offer, as the case may be.

SISP Commencement

10. The Proposal Trustee will commence the SISP Procedures on February 15, 2021 (the "**SISP Commencement Date**") by preparing, in consultation with the Company, a list of potential bidders (the "**Known Potential Bidders**"). Such list will include both strategic and financial parties who, in the reasonable business judgment of the Proposal Trustee and the Company, may be interested in and have the financial capacity to make a Superior Offer.
11. The Proposal Trustee will give notice of these SISP Procedures to Known Potential Bidders (including the Participation Requirements as specified below) shortly after the SISP Commencement Date. In addition, the Proposal Trustee intends to give notice regarding these SISP Procedures in the Globe and Mail, National Edition; the BOE Report; and, the Daily Oil Bulletin.

Participation Requirements

12. Unless otherwise ordered by the Court, any person (including any Known Potential Bidder) who wishes to participate in this SISP must deliver the following to the Proposal Trustee:
 - (a) an executed form of confidentiality agreement that is satisfactory to the Company and the Proposal Trustee, acting reasonably, and which shall enure to the benefit of any person who completes a transaction with the Company (each a "**Confidentiality Agreement**"); and
 - (b) a specific indication of the anticipated sources of capital and / or credit for such person and satisfactory evidence of the availability of such capital and / or credit so as to demonstrate that such person has the financial capacity to complete a transaction pursuant to a Superior Offer.
13. If, in the opinion of the Proposal Trustee, a person has complied with each of the requirements described in section 12 of these SISP Procedures, such person shall be deemed a "**Potential Bidder**" hereunder.
14. The Company will provide each Potential Bidder with access to an electronic data room containing due diligence materials and financial, tax and other information relating to the shares, the assets, the property and the business of the Company as soon as practicable after the determination that such person is a Potential Bidder.
15. The Proposal Trustee is not responsible for, and will have no liability with respect to, any information obtained by any Potential Bidder. The Proposal Trustee and its advisors do not make any representations or warranties whatsoever as to the information or the materials provided.

Phase 1 Bid Deadline

16. A Potential Bidder will be deemed a "**Qualified Bidder**" if such Potential Bidder submits an offer to the Proposal Trustee to acquire the assets of or shares in the Company, or a refinancing, recapitalization, joint-venture, merger or other business transaction involving the Company or some combination thereof (a "**Qualified Bid**") on or before 5:00 pm

(Calgary Time time) on April 16, 2021 (the "Phase 1 Bid Deadline"). Subject to section 17 of these SISP Procedures, an offer will only qualify as a Qualified Bid in the event that it contains, meets or includes all of the following:

- (a) it is submitted in writing and is received on or before the Phase 1 Bid Deadline;
- (b) the Qualified Bidder and the representatives thereof who are authorized to appear and act on its behalf must be sufficiently identified and written evidence of the Qualified Bidder's chief officer or other appropriate senior executive's approval of the contemplated transaction must be submitted with the offer;
- (c) it fully discloses the identity of each person that is bidding or otherwise that will be sponsoring or participating in the Qualified Bid, including the identification of the Qualified Bidder's direct and indirect owners and their principals and the full and complete terms of any such participation;
- (d) it is accompanied by a refundable deposit (the "Deposit") in the form of a certified cheque or wire transfer (to a trust account specified by the Proposal Trustee), payable to the Proposal Trustee in trust, in an amount equal to ten percent (10%) of the cash consideration to be paid pursuant to the Qualified Bid, to be held and dealt with in accordance with these SISP Procedures;
- (e) it is irrevocably open for acceptance by the Company until five (5) Business Days after the Phase 2 Auction (as defined herein), or later;
- (f) it does not contain any provisions for a break fee or expense reimbursement;
- (g) it provides for consideration that, in the reasonable business judgment of the Proposal Trustee, is equal to or in excess of the value of the consideration payable pursuant to the Stalking Horse APA (being \$2,000,000, as may be amended pursuant to the participation of the Stalking Horse Bidder in the Phase 2 Auction (as defined herein)), *plus* any amounts outstanding under the Break Fee Charge (as defined in the Approval Order, in the maximum amount of \$75,000). For greater certainty, a Qualified Bid must:
 - i) provide for cash consideration and may not include a direction in the nature of the Direction, as part of the consideration under such Qualified Bid; and,
 - ii) provide for the repayment by the Company, in full and in cash, of any amounts owing under the Interim Financing Charge approved pursuant to the Approval Order (in the maximum amount of \$150,000).
- (h) it includes either:
 - i) a fully binding and definitive agreement, duly authorized and executed, setting out the terms and conditions of the proposed transaction, including the aggregate amount of the proposed equity and debt investment, assumption of debt, if any, and details regarding the proposed equity and debt structure of the Company following completion of the proposed transaction (a "Definitive Restructuring Agreement"); or,

- ii) a fully binding and definitive agreement, duly authorized and executed purchase and sale agreement, together with all exhibits and schedules thereto, and such ancillary agreements as may be required with all exhibits and schedules thereto (a "**Definitive Asset Stalking Horse APA**"); or,
 - iii) some combination of a Definitive Restructuring Agreement and a Definitive Asset Stalking Horse APA, provided that such agreement is a fully binding definitive agreement that is duly authorized and executed (a "**Definitive Hybrid Agreement**");
- (i) it is accompanied by a cover letter which includes a summary of:
- i) the structure and financing of the transaction (including, but not limited to, the sources of financing and evidence of the availability of such financing);
 - ii) any anticipated corporate, shareholder, internal or regulatory approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining such approvals;
 - iii) any additional due diligence required or desired to be conducted prior to the Phase 2 Auction (as defined hereinafter), if any;
 - iv) any conditions to closing that the Qualified Bidder may wish to impose; and;
 - v) any other terms or conditions of the transaction which the Qualified Bidder believes are material to the transaction;
- (j) it provides for the completion of the transactions contemplated therein on or before Monday, May 17, 2021 (the "**Completion Date**");
- (k) such other information reasonably requested by the Proposal Trustee.
17. The Proposal Trustee, acting reasonably, may waive non-compliance with any one or more of the requirements specified in paragraph 16 of these SISP Procedures and deem any non-compliant bid to be a Qualified Bid.
18. If a Qualified Bid is received, these SISP Procedures shall proceed to the next phase for the purpose of attempting to obtain a Superior Offer. If there are no Qualified Bids submitted:
- (a) these SISP Procedures shall terminate; and
 - (b) the Company shall, within three (3) Business Days of the termination of these SISP Procedures, file an application with the Court seeking approval, after notice and hearings, to implement the Stalking Horse APA.

Phase 2 Auction

19. If the Proposal Trustee receives one or more Qualified Bids by the Phase 1 Bid Deadline, the Proposal Trustee shall extend invitations by phone, fax and/or email by 10:00 a.m. (Calgary time) on the third (3rd) Business Day after the Phase 1 Bid Deadline to all Qualified Bidders, and the Stalking Horse Purchaser, to attend an auction (the "**Phase 2 Auction**"). The Phase 2 Auction shall be held no earlier than five (5) Business Days after the Phase 1 Bid Deadline, and no later than April 28, 2021, as the Proposal Trustee may in its sole discretion designate, at the offices of the Proposal Trustee or virtually by videoconference facility established by the Proposal Trustee.
20. The Proposal Trustee shall conduct the Phase 2 Auction. At the Phase 2 Auction, the bidding shall begin initially with the highest Qualified Bid and subsequently continue in multiples of \$10,000, or such other amount as the Proposal Trustee may determine in its sole discretion to facilitate the Phase 2 Auction (the "**Incremental Amount**"). Additional consideration in excess of the amount set forth in the highest Qualified Bid must be comprised only of cash consideration (but, for clarity, with respect to the Stalking Horse Bid the requirement for cash consideration shall apply only to the amounts tendered in excess of the highest Qualified Bid). The format and procedure of the Phase 2 Auction shall be determined by the Proposal Trustee in its sole discretion.
21. The Proposal Trustee shall assess the conduct of the Phase 2 Auction, the total financial and contractual terms of the Qualified Bids (inclusive of the Incremental Amounts bid at the Phase 2 Auction, if any), and various factors relevant to the speed and certainty of completing the sale of the Acquired Assets, to determine whether any Qualified Bid comprises a Superior Offer. The Proposal Trustee shall determine whether a Superior Offer has been made as promptly as practicable but no later than one (1) Business Day after the Phase 2 Auction (the "**Bid Assessment Deadline**").
22. In the event that the Proposal Trustee determines that one or more Qualified Bids constitutes a Superior Offer, the Proposal Trustee shall (to the extent that there is more than one Superior Offer) select the highest or best Superior Offer and shall file an application to the Court to approve such Superior Offer within three (3) Business Days of the Bid Assessment Deadline. The Company shall thereafter complete the transactions contemplated by such selected Superior Offer in accordance with the terms thereof and any order issued by the Court.
23. If the Proposal Trustee determines that no Qualified Bid constitutes a Superior Offer:
 - (a) these SISP Procedures shall terminate; and
 - (b) the Company shall, within three (3) Business Days of the Bid Assessment Deadline, file an application with the Court seeking approval by the Court, after notice and hearings, to implement the Stalking Horse APA.

Deposits

24. All Deposits shall be retained by the Proposal Trustee and invested in an interest bearing trust account in a Schedule I Bank in Canada. If there is a Qualified Bid that constitutes a Superior Offer, the Deposit (plus accrued interest) paid by the person

making such Qualified Bid shall be applied to the consideration to be paid by such Person upon closing of the transaction constituting the Qualified Bid.

25. The Deposit(s) (plus applicable interest) of all persons not making the Qualified Bid that constitutes a Superior Offer shall be returned to such persons within five (5) Business Days of the earlier of the date that: (a) the Court approves a Superior Offer; or (b) the Court approves the Stalking Horse APA.
26. If the Person making a Qualified Bid selected as a Superior Offer breaches or defaults on its obligation to close the transaction in respect of such Qualified Bid it shall forfeit its Deposit to the Proposal Trustee for and on behalf of the Company; provided however that the forfeit of such Deposit shall be in addition to, and not in lieu of, any other rights in law or equity that the Company has in respect of such breach or default.

Notice

27. The addresses used for delivering documents as prescribed by the terms and conditions of these SISP Procedures are set out in Schedule "A" hereto. All notices, inquiries, and other communications in connection with these SISP Procedures should be delivered to the Proposal Trustee, and not to the Company, except as may otherwise be directed by the Proposal Trustee. A bid and all associated documentation shall be delivered to the Proposal Trustee by electronic mail, personal delivery or courier. Persons requesting information about these SISP Procedures should contact the Proposal Trustee at the contact information contained in Schedule "A".

No Amendment

28. There shall be no amendments to these SISP Procedures, including, for greater certainty the SISP Procedures set out herein, unless otherwise ordered by the Court upon application and appropriate notice.

Break Fee

29. For greater certainty, notwithstanding any other provision contained herein, the Break Fee (as defined in the Stalking Horse APA) in the amount of \$50,000 shall be payable to the Stalking Horse Purchaser in the event that a Superior Offer is selected as a result of these SISP Procedures, pursuant to the terms of the Stalking Horse APA.

Further Orders

30. At any time during these SISP Procedures, the Proposal Trustee, the Company or the Stalking Horse Purchaser may apply to the Court for advice and directions with respect to the discharge of their powers and duties hereunder.

Schedule "A"**Address for Notices and Deliveries**

To the Proposal Trustee:

Deloitte Restructuring Inc.
700, 850 - 2 Street S.W.
Calgary AB T2P 0R8
Canada

Attention: Bob Taylor / Naomi McGregor
Email: bobtaylor@deloitte.ca / naomcgregor@deloitte.ca

ALL INQUIRIES, NOTICES AND OTHER COMMUNICATIONS IN CONNECTION WITH THESE SISF PROCEDURES SHOULD BE DELIVERED SOLELY TO THE ATTENTION OF THE PROPOSAL TRUSTEE, AND NOT TO THE COMPANY, EXCEPT AS MAY OTHERWISE BE DIRECTED BY THE PROPOSAL TRUSTEE



This is Exhibit "D" referred to in the Affidavit of David Messina
sworn before me by two-way video conference this 3rd day of February, 2021.



A Commissioner for Oaths in and for the Province of Alberta
Nathan A. Stewart
Barrister & Solicitor



SALT BUSH ENERGY LTD.

- and -

IRONBARK ENERGY LTD.

ASSET PURCHASE AND SALE AGREEMENT

FEBRUARY 2, 2021



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AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT OF PURCHASE AND SALE dated as of February 2, 2021,

BETWEEN:

SALT BUSH ENERGY LTD., a corporation existing under the laws of Alberta (herein referred to as the "**Vendor**")

- and -

IRONBARK ENERGY LTD., a corporation existing under the laws of Alberta (herein referred to as the "**Purchaser**")

WHEREAS:

- A. The Vendor beneficially owns the Assets;
- B. The Vendor has commenced proceedings under Division I of Part III of the *Bankruptcy and Insolvency Act* (the "**BIA**") on January 13, 2021 by lodging a Notice of Intention to Make a Proposal under Section 50.4 of the BIA, and Deloitte Restructuring Inc. has been appointed proposal trustee (the "**Proposal Trustee**") under those proceedings.
- C. The Purchaser, subject to the Court Approval and the SISP Approval, has agreed to purchase and acquire and the Vendor has agreed to sell, transfer and assign to the Purchaser, all of the Vendor's Interest in and to the Assets, on the terms and conditions set forth herein.

NOW THEREFORE, this Agreement witnesses that in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and adequacy of which are acknowledged by each Party to the other, the Parties covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement:

- (a) "**Abandonment and Reclamation Obligations**" means all past, present and future obligations to:
 - (i) abandon, shut-down, close, decommission, dismantle or remove any and all Wells and Tangibles, including all structures, foundations, buildings, pipelines, equipment and other facilities located on the Lands or used or previously used in respect of Petroleum Substances produced or previously produced from the Lands; and
 - (ii) restore, remediate and reclaim the surface and subsurface locations of the Wells and the Tangibles and any lands used to gain access thereto, including such obligations relating to wells, pipelines and facilities which were abandoned or decommissioned prior to the Closing Date that were located on the Lands or that were located on other lands and used in respect of Petroleum Substances produced

or previously produced from the Lands, and including the remediation, restoration and reclamation of any other surface and sub-surface lands affected by any environmental damage, contamination or other environmental issues emanating from or relating to the sites for the Wells or the Tangibles;

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

- (b) "**Accounts Receivable**" means all trade and other accounts receivable, notes receivable, unbilled accounts and other debts due or accruing due to the Vendor in relation to the Assets in respect of the period prior to the Closing Date but excluding, for greater certainty, all other trade and other accounts receivable, notes receivable, unbilled accounts and other debts due or accruing due to the Vendor not in relation to the Assets;
- (c) "**Administrative Charge**" means a charge granted in the NOI Proceedings to secure fees and disbursements of certain professional advisors in the maximum amount of \$150,000;
- (d) "**AER**" means the Alberta Energy Regulator;
- (e) "**Affiliate**" means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with that specified Person. For the purposes of this definition, "control" (including with correlative meanings, controlling, controlled by and under common control with) means the power to direct or cause the direction of the management and policies of that Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise and, it being understood and agreed that with respect to a corporation or partnership, control shall mean direct or indirect ownership of more than 50% of the voting shares in any such corporation or of the general partnership interest or voting interest in any such partnership;
- (f) "**Agreement**" means this agreement of purchase and sale and any schedules attached hereto which are referred to in this agreement, together with any amendment or supplement thereto;
- (g) "**Applicable Law**" means, in respect of any Person, asset, transaction, event or circumstance: (i) statutes (including regulations enacted thereunder); (ii) judgments, decrees and orders of courts of competent jurisdiction (including the common law); (iii) regulations, orders, ordinances and directives issued by Governmental Authorities; and (iv) the terms and conditions of all permits, licenses, approvals and authorizations, in each case which are applicable to such Person, asset, transaction, event or circumstance;
- (h) "**Assets**" means the Petroleum and Natural Gas Rights, the Tangibles and the Miscellaneous Interests, but specifically excluding the Excluded Assets;
- (i) "**Assumed Contracts**" means, other than contracts which are Excluded Assets, the contracts referenced in subsection (i) of the definition of Miscellaneous Interests, which contracts shall be assigned by the Vendor and assumed by the Purchaser in accordance with the terms of this Agreement, the relevant contracts and/or the Sale Order, and/or other order of the Court in form and substance satisfactory to the Parties;

- (j) "**Assumed Liabilities**" means, collectively, all liabilities and obligations arising from the possession, ownership and/or use of the Assets following Closing, along with Environmental Liabilities, Abandonment and Reclamation Obligations and Cure Costs;
- (k) "**BIA**" means the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as may be subsequently amended, supplemented or restated from time to time;
- (l) "**Break Fee**" means the amount of \$50,000 (FIFTY THOUSAND DOLLARS) which shall be payable to the Purchaser, by the Vendor, pursuant to Section 13.3 of this Agreement. For greater certainty, without limiting the generality of the foregoing, the Break Fee shall be payable in the event that a Superior Offer is accepted by the Vendor pursuant to the SISF;
- (m) "**Business Day**" means any day other than a Saturday, Sunday or a statutory holiday in the City of Calgary in the Province of Alberta;
- (n) "**Cash and Cash Equivalents**" means cash, cash equivalents, money on deposit with banks, certificates of deposit and similar instruments and short-term investments held by the Vendor for and on behalf of the Vendor;
- (o) "**Claim**" means any right, claim, cause of action or complaint of any Person that may be asserted or made in whole or in part against any Vendor, any of their respective Affiliates and their respective Representatives, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present or future, known or unknown, by guarantee, surety or otherwise, and whether or not any right, claim, cause of action or complaint is executory or anticipatory in nature;
- (p) "**Closing**" means the completion of the purchase by the Purchaser, and sale by the Vendor, of the Vendor's Interest in and to the Assets and the completion of all other transactions contemplated by this Agreement that are to occur contemporaneously with such purchase and sale, all subject to and in accordance with the terms and conditions of this Agreement;
- (q) "**Closing Date**" means the date on which Closing occurs, being the later of May 17, 2021 or the date which is two Business Days following the date upon which all conditions in Sections 11.1, 11.2 and 11.3 have been satisfied or waived (other than such conditions which are to be satisfied on the Closing Date), or such other date as the Parties may agree in writing; provided, however, that the Closing Date shall not be later than the Outside Date;
- (r) "**Consequential Damages**" has the meaning ascribed to that term in Section 14.5;
- (s) "**Court**" means the Court of Queen's Bench of Alberta, Judicial Centre of Calgary;

- (t) **"Court Approval"** means both the issuance of the Sale Order by the Court approving the sale of the Assets, and such Sale Order having become a Final Order;
- (u) **"Cure Costs"** means, in respect of any Assumed Contract, all amounts, required to be paid to remedy all of the Vendor's monetary defaults under such Assumed Contract or required to secure a counterparty's or any other necessary Person's consent to the assignment of such Assumed Contract pursuant to its terms or as may be required pursuant to the Sale Order, and includes any other fees and expenses required to be paid to a counterparty or any other Person in connection with the assignment of an Assumed Contract pursuant to its terms or Applicable Laws, but excludes (i) any secured or unsecured creditor Claim against the Vendor other than payments to counterparties under Assumed Contracts as described above; and (ii) any municipal taxes and other tax Claims;
- (v) **"Data Room Information"** means all information made available (by the Vendor or otherwise) for the Purchaser's review in electronic form in relation to the Vendor, its Affiliates and/or the Assets;
- (w) **"Deposit"** has the meaning ascribed to that term in Section 3.3(a)(i);
- (x) **"Encumbrances"** means all mortgages, pledges, charges, liens, debentures, trust deeds, Claims, assignments by way of security or otherwise, security interests, conditional sales contracts or other title retention agreements, security created under the *Bank Act* (Canada), rights of first refusal, or similar interests or instruments charging or creating a security interest in the Assets or any part thereof or interest therein, and any agreements, leases, licenses, occupancy agreements, options, easements, rights of way, restrictions, executions, or other encumbrances (including notices or other registrations in respect of any of the foregoing) affecting title to the Assets or any part thereof or interest therein;
- (y) **"Environment"** means the components of the earth and 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);
- (z) **"Environmental Laws"** means all Applicable Laws relating to pollution or protection of human health or the Environment (including ambient air, water, surface water, groundwater, land surface, soil, or subsurface) or natural resources, including Applicable Laws relating to the storage, transfer, transportation, investigation, cleanup, treatment, or use of, or release or threatened release into the Environment of, any Hazardous Substances;
- (aa) **"Environmental Liabilities"** means all past, present and future Losses and Liabilities, Claims and other duties and obligations, whether arising under contract, Applicable Laws or otherwise, arising from, relating to or associated with:
 - (i) any damage, pollution, contamination or other adverse situations pertaining to the Environment howsoever and by whomsoever caused and regardless of whether such damage, pollution, contamination or other adverse situations occur or arise in whole or in part prior to, at or subsequent to the date of this Agreement;
 - (ii) the presence, storage, use, holding, collection, accumulation, assessment, generation, manufacture, processing, treatment, stabilization, disposition, handling, transportation, release, emission or discharge of Petroleum Substances, oilfield wastes, water, Hazardous Substances, environmental contaminants and all

other substances and materials regulated under any Applicable Law, including any forms of energy, or any corrosion to or deterioration of any structures or other property;

- (iii) compliance with or the consequences of any non-compliance with, or violation or breach of, any Environmental Law;
- (iv) sampling, monitoring or assessing the Environment or any potential impacts thereon from any past, present or future activities or operations; or
- (v) the protection, reclamation, remediation or restoration of the Environment;

that relate to or arise by virtue of the Assets or the ownership thereof or any past, present or future operations and activities conducted in connection with the Assets;

- (bb) **"Excluded Assets"** has the meaning set forth in Section 2.7;
- (cc) **"Expense Reimbursement Amount"** means the aggregate amount of all reasonable and documents out of pocket costs, expenses and fees incurred by the Purchaser or any Affiliate of the Purchaser (including, for the avoidance of doubt, such costs, expenses and fees incurred by Whitebark Energy Ltd. and its Affiliates) in connection with evaluating, negotiating, documents and performing the transactions contemplated by this Agreement, including fees, costs and expenses of any professionals (including financial advisors, outside legal counsel, accounts, experts and consultants) retained by or on behalf of the Purchasers or any Affiliate of the Purchaser (including, for the avoidance of doubt, Whitebark Energy Ltd. and its Affiliates) in connection with or related to the authorization, preparation, investigation, negotiation, execution and performance of this Agreement, the transactions contemplated hereby, including the NOI Proceedings and other judicial and regulatory proceedings related to such transactions, which shall be payable as set forth in Section 13.3 of this Agreement;
- (dd) **"Facilities"** means the Vendor's Interest in and to those facilities and pipelines identified in Part 2 of Schedule A;
- (ee) **"Final Order"** means an order of the Court that has not been vacated, stayed, set aside, amended, reversed, annulled or modified, as to which no appeal or application for leave to appeal therefrom has been filed and the applicable appeal period with respect thereto shall have expired without the filing of any appeal or application for leave to appeal, or if any appeal(s) or application(s) for leave to appeal therefrom have been filed, any (and all) such appeal(s) or application(s) have been dismissed, quashed, determined, withdrawn or disposed of with no further right of appeal and all opportunities for rehearing, reargument, petition for certiorari and appeal being exhausted or having expired without any appeal, motion or petition having been filed and remaining pending, any requests for rehearing have been denied, and no order having been entered and remaining pending staying, enjoining, setting aside, annulling, reversing, remanding, or superseding the same, and all conditions to effectiveness prescribed therein or otherwise by Applicable Law or order having been satisfied;
- (ff) **"General Conveyance, Assignment and Assumption Agreement"** means an agreement providing for the assignment by the Vendor of the Vendor's Interest in and to the Assets, free and clear of all Encumbrances (other than Permitted Encumbrances), substantially in

the form attached hereto as Schedule C, and the assumption by the Purchaser of the Assumed Liabilities, substantially in the form attached hereto as Schedule C;

- (gg) "**Governmental Authority**" means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, tribunal, commission, bureau, board, court (including the Court) or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government, having jurisdiction over a Party, the Assets or this Transaction, including for greater certainty the AER;
- (hh) "**GST**" means taxes, interest, penalties and other additions thereto imposed under Part IX of the *Excise Tax Act* (Canada) and the regulations made thereunder; and "**GST Legislation**" means such act and regulations collectively;
- (ii) "**Hazardous Substances**" means any substance, material or waste defined, regulated, listed or prohibited by Environmental Laws, including pollutants, contaminants, chemicals, deleterious substances, dangerous goods, hazardous or industrial toxic wastes or substances, radioactive materials, flammable substances, explosives, polychlorinated biphenyls, chlorinated solvents and asbestos;
- (jj) "**Interim Financing Term Sheet**" means the term sheet to be entered into between the Vendor and Whitebark Energy Ltd., or such other lender as may be agreed to by the Vendor and Whitebark Energy Ltd., which the Vendor will seek to have approved by order of the Court;
- (kk) "**Lands**" means the lands set out and described in Part 1 of Schedule A, and the Petroleum Substances within, upon or under such lands (subject to the restrictions and exclusions identified in the Title Documents as to Petroleum Substances and geological formations), but excluding the Excluded Assets;
- (ll) "**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);
- (mm) "**Legal Proceeding**" means any litigation, action, suit, investigation, hearing, claim, complaint, grievance, arbitration proceeding or other proceeding and includes any appeal or review or retrial of any of the foregoing and any application for same;
- (nn) "**Licence Transfers**" means the transfer from the Vendor to the Purchaser of any permits, approvals, licences and authorizations granted by the AER or any other Governmental Authority in relation to the construction, installation, ownership, use or operation of the Wells or the Facilities, as applicable;
- (oo) "**LTAs**" has the meaning set forth in Section 2.3(a);
- (pp) "**Losses and Liabilities**" means any and all assessments, charges, costs, damages, debts, expenses, fines, liabilities, losses, obligations and penalties, whether accrued or fixed, absolute or contingent, matured or unmatured or determined or determinable, including those arising under any Applicable Law, Claim by any Governmental Authority or any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority, and those arising under any contract, agreement,

arrangement, commitment or undertaking and costs and expenses of any Legal Proceeding, assessment, judgment, settlement or compromise relating thereto, and all interest, fines and penalties and reasonable legal fees and expenses incurred in connection therewith (on a full indemnity basis);

- (qq) **"Miscellaneous Interests"** means, subject to any and all limitations and exclusions provided for in this definition, the Vendor's 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 relating to the Petroleum and Natural Gas Rights and the Tangibles, or either of them (including the Title Documents);
 - (ii) all warranties, guarantees and similar rights relating to the Petroleum and Natural Gas Rights and the Tangibles, or either of them, including warranties and guarantees made by suppliers, manufacturers and contractors under the Assets, and claims against other Third Parties in connection with the contracts relating to the Petroleum and Natural Gas Rights and the Tangibles;
 - (iii) all subsisting rights to carry out operations relating to the Lands, the Tangibles or the Wells, and without limitation, all easements and other permits, licenses and authorizations pertaining to the Tangibles or the Wells;
 - (iv) 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;
 - (v) all records, books, documents, licences, reports and data which relate to the Petroleum and Natural Gas Rights and the Tangibles, or either of them including any of the foregoing that pertain to geological or geophysical matters and, including plats, surveys, maps, cross-sections, production records, electric logs, cuttings, cores, core data, pressure data, decline and production curves, well files, and related matters, division of interest records, lease files, title opinions, abstracts of title, title curative documents, lease operating statements and all other accounting information, marketing reports, statements, gas balancing information, and all other documents relating to customers, sales information, supplier lists, records, literature and correspondence, physical maps, geologic or geophysical interpretation, electronic and physical project files; and
 - (vi) the Wells, including the wellbores and any and all casing and down-hole monitoring and pumping equipment;

but excluding the Excluded Assets and provided that unless otherwise agreed in writing by the Parties, the Miscellaneous Interests shall not include any documents or data to the extent that they are owned or licensed by Third Parties with restrictions on their deliverability or disclosure by the Vendor to an assignee;

- (rr) **"NOI Proceedings"** means the proceedings commenced by the Vendor under Division I of Part III of the BIA on January 13, 2021, by lodging a Notice of Intention to Make a Proposal under Section 50.4 of the BIA;
- (ss) **"Notice Period"** has the meaning ascribed to that term in Section 8.2(b);
- (tt) **"Order"** means any order, writ, judgment, injunction, decree, stipulation, determination, decision, verdict, ruling, subpoena, or award entered by or with any Governmental Authority (whether temporary, preliminary, or permanent);
- (uu) **"Outside Date"** means June 11, 2021 or such other date as the Parties may agree;
- (vv) **"Outstanding ROFR Assets"** has the meaning set forth in Section 10.3(e)(ii);
- (ww) **"Outstanding ROFRs"** has the meaning set forth in Section 10.3(e);
- (xx) **"Parties"** means, collectively, the Purchaser and the Vendor, and **"Party"** means any one of them;
- (yy) **"Permitted Encumbrances"** means:
- (i) all encumbrances, overriding and any other royalties, net profits interests and other burdens identified in the Title Documents or in Schedule A;
 - (ii) the terms and conditions of the Assumed Contracts and the Title Documents, including ROFRs, 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;
 - (iii) 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 Laws to terminate any Title Document;
 - (iv) easements, rights 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;
 - (v) all Applicable Laws, and all rights of general application reserved to or vested in any Governmental Authority to regulate or control the ownership, use or operation of the Assets in any manner, including (A) requirements and limitations as to production rates or operations or otherwise affecting recoverability of Petroleum Substances, or (B) to levy taxes on Petroleum Substances or any of them or the income therefrom;
 - (vi) any obligations to Third Parties for any thirteenth month adjustments or for payments due as a result of any audits conducted by operators or Third Parties;
 - (vii) Taxes on Petroleum Substances or the income or revenue from the Petroleum Substances and requirements imposed by Applicable Law or Governmental

- Authorities concerning rates of production from the Wells or from operations on any of the Lands, or otherwise affecting recoverability of Petroleum Substances from the Lands, which Taxes or requirements are generally applicable to the oil and gas industry in the jurisdiction in which the Assets are located;
- (viii) agreements for the sale, processing, transmission or transportation of Petroleum Substances, which are terminable on not more than thirty (30) days' notice (without an early termination penalty or other like cost);
 - (ix) any obligation of the Vendor to hold any portion of their interest in and to any of the Assets in trust for Third Parties;
 - (x) the right reserved to or vested in any Governmental Authority to control or regulate any of the Assets in any manner, including any directives or notices received from any Governmental Authority pertaining to the Assets;
 - (xi) undetermined or inchoate liens incurred or created as security in favour of any Person with respect to the development or operation of any of the Assets, as regards the Vendor's share of the costs and expenses thereof which are not due or delinquent as of the date hereof;
 - (xii) the reservations, limitations, provisos and conditions in any grants or transfers from the Crown of any of the Lands or interests therein, and statutory exceptions to title;
 - (xiii) agreements and plans relating to pooling or unitization of any of the Petroleum and Natural Gas Rights;
 - (xiv) agreements respecting the operation of Wells or Facilities by contract field operators;
 - (xv) provisions for penalties and forfeitures under Title Documents as a consequence of non-participation in operations; and
 - (xvi) liens granted in the ordinary course of business to a public utility, municipality or Governmental Authority with respect to operations pertaining to any of the Assets as regards the Vendor's share of amounts owing to such public utility, municipality or Governmental Authority which are not due or delinquent as of the date hereof;
- (zz) "**Person**" means any individual, corporation, limited or unlimited liability company, joint venture, partnership (limited or general), trust, trustee, executory, Governmental Authority, or other entity however designated or instituted;
 - (aaa) "**Petroleum and Natural Gas Rights**" means the Vendor's 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), but excluding the Excluded Assets;
 - (bbb) "**Petroleum Substances**" means any of crude oil, petroleum, natural gas, natural gas liquids, coal bed methane and any and all other substances related to any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including sulphur;

- (ccc) "**Prime Rate**" means an annual rate of interest equal to the annual rate of interest announced from time to time by the main branch of the Royal Bank of Canada in Calgary, Alberta, as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans provided that such rate shall be determined on the last day of each month and applied to the next succeeding month;
- (ddd) "**Proposal Trustee**" means Deloitte Restructuring Inc. in its capacity as the proposal trustee in the NOI Proceedings;
- (eee) "**Purchase Price**" has the meaning ascribed to that term in Section 3.1;
- (fff) "**Purchaser**" has the meaning ascribed to that term in the preamble hereto;
- (ggg) "**Representative**" means, in respect of a Person, each director, officer, employee, agent, legal counsel, accountant, consultant, contractor, professional advisor and other representative of such Person and its Affiliates;
- (hhh) "**Restructuring Proceedings**" means the NOI Proceedings or any successor proceedings thereto;
- (iii) "**ROFR**" means a right of first refusal, right of first offer or other pre-emptive or preferential right of purchase or similar right to acquire the Assets or certain of them that may become operative by virtue of this Agreement or the completion of the Transaction;
- (jjj) "**Sale Order**" means an order of the Court in the Restructuring Proceedings upon the conclusion of the SISP approving the Transaction in accordance with the provisions of this Agreement, and vesting all of the Vendor's Interest in and to the Assets in the Purchaser free and clear of all Claims, Encumbrances (other than Permitted Encumbrances) and interests, such order to be substantially in the form attached hereto as Schedule B together with such modifications and amendments to such form as may be approved by both the Vendor and the Purchaser, acting reasonably;
- (kkk) "**SISP**" means the Vendor's sale and investment solicitation process, which the Vendor will seek to have approved by the Court by way of an application returnable February 12, 2021 (as may be adjourned, rescheduled, or continued by order of the Court);
- (lll) "**SISP Approval**" means an order of the Court in the Restructuring Proceedings approving the SISP and the execution and delivery of this Agreement;
- (mmm) "**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 Vendor's Interest in and to the Assets to the Purchaser and to novate the Purchaser in the place and stead of the Vendor, with respect to the Assets (excluding the Licence Transfers);
- (nnn) "**Superior Offer**" has the meaning given to it in the SISP;
- (ooo) "**Tangibles**" means the Vendor's Interest in and to the Facilities and any and all other 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, store, transport, make marketable or inject the Leased Substances or any of them, but excluding the Excluded Assets;

- (ppp) "**Tax**" means all taxes, assessments, charges, dues, duties, rates, fees, imposts, levies and similar charges of any kind lawfully levied, assessed or imposed by any Governmental Authority under any applicable federal, provincial, territorial, municipal and local, foreign, or other statutes, ordinances or regulations imposing a tax, including income, capital, capital gains, goods and services, sales, use, consumption, excise, value added (including GST and any Harmonized Sales Tax), business, real property, personal property, transfer, franchise, withholding, payroll, or employer health taxes, Canada Pension Plan contributions, employment insurance premiums, and provincial workers' compensation payments, levy, assessment, whether computed on a separate, combined, unitary, or consolidated basis or any other manner, including any interest, penalties and fines associated therewith;
- (qqq) "**Third Party**" means any Person who is not a Party or an Affiliate of a Party;
- (rrr) "**Third Party Claim**" means any Claim by a Third Party asserted against the Vendor for which the Purchaser has indemnified the Vendor or is otherwise responsible pursuant to this Agreement;
- (sss) "**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, acreage contribution agreements, joint venture 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;
- (ttt) "**Transaction**" means the transaction for the purchase and sale of the Vendor's Interest in and to the Assets, together with all other transactions contemplated in this Agreement, all as contemplated in this Agreement;
- (uuu) "**Transfer Taxes**" means all transfer taxes, sales taxes, use taxes, production taxes, value-added taxes, goods and services taxes, land transfer taxes, registration and recording fees, and any other similar or like taxes and charges imposed by a Governmental Authority in connection with the sale, transfer or registration of the transfer of the Assets, including GST; and which, for certainty, shall not include freehold mineral taxes;
- (vvv) "**Vendor**" has the meaning ascribed to that term in the preamble hereto;
- (www) "**Vendor's Interest**" means, when used in relation to any asset, undertaking or property, the entire right, title and interest, if any, of the Vendor in, to and/or under such asset, undertaking or property;

- (xxx) **"Vendor's Solicitors"** means George Lepine Professional Corporation, or such other firm or firms of solicitors as are retained or engaged by the Vendor from time to time and notice of which is provided to the Purchaser; and
- (yyy) **"Wells"** means all wells located on the Lands, including all producing, shut in, abandoned, suspended, capped, water source, service, observation, delineation; injection and disposal wells, and Includes, but is not limited to, the Vendor's Interest in and to the wells listed in Part 2 of Schedule A.

1.2 Interpretation

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

- (a) All references to monetary amounts are to the lawful currency of Canada.
- (b) Words importing the singular include the plural and vice versa, and words importing gender include the masculine, feminine and neuter genders.
- (c) The word "include" and "including" and derivatives thereof shall be read as if followed by the phrase "without limitation".
- (d) The words "hereto", "herein", "hereof", "hereby", "hereunder" and similar expressions refer to this Agreement and not to any particular provision of this Agreement.
- (e) The headings contained in this Agreement are for convenience of reference only, and shall not affect the meaning or interpretation hereof.
- (f) Reference to any Article, Section or Schedule means an Article, Section or Schedule of this Agreement unless otherwise specified.
- (g) If any provision of a Schedule hereto conflicts with or is at variance with any provision in the body of this Agreement, the provisions in the body of this Agreement shall prevail to the extent of the conflict.
- (h) All documents executed and delivered pursuant to the provisions of this Agreement are subordinate to the provisions hereof and the provisions hereof shall govern and prevail in the event of a conflict.
- (i) This Agreement has been negotiated by each Party with the benefit of legal representation, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting Party does not apply to the construction or interpretation of this Agreement.
- (j) Reference to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof.
- (k) References to an Applicable Law means such Applicable Law as amended from time to time and includes any successor Applicable Law thereto any regulations promulgated thereunder.

1.3 Schedules

The following are the Schedules attached to and incorporated in this Agreement by reference and deemed to be a part hereof:

Schedule A	Assets Listing Part 1 – Lands Part 2 – Wells, Facilities and Pipelines
Schedule B	Form of Sale Order
Schedule C	Form of General Conveyance
Schedule D	Form of Bring-Down Certificate
Schedule E	Excluded Assets

1.4 Interpretation if Closing Does Not Occur

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

**ARTICLE 2
PURCHASE AND SALE**

2.1 Agreement of Purchase and Sale

Subject to the terms and conditions of this Agreement, and in consideration of the Purchase Price, the Vendor hereby agrees to sell, assign and transfer to the Purchaser, and the Purchaser agrees to purchase, accept and receive from the Vendor, the Vendor's Interest in and to the Assets.

2.2 Transfer of Property and Assumption of Liabilities

Provided that Closing occurs and subject to the terms and conditions of this Agreement, possession, risk, and legal and beneficial ownership of the Assets shall transfer from the Vendor to the Purchaser on the Closing Date, and the Purchaser agrees to assume, discharge, perform and fulfil all Assumed Liabilities. Without limiting the provisions of this Agreement relating to the General Conveyance, Assignment and Assumption Agreement (and such agreement itself), or any other provisions of this Agreement relating to sale, transfer, assignment, conveyance or delivery, the Assets shall be sold, assigned, transferred, conveyed, and delivered by the Vendor to the Purchaser by way of the Licence Transfers, the Specific Conveyances and other appropriate instruments of transfer, bills of sale, endorsements, assignments, and deeds, in recordable form, or by way of an Order of the Court, as appropriate, and free and clear of any and all Encumbrances of any and every kind, nature, and description, other than Permitted Encumbrances, as applicable.

2.3 AER License Transfers

- (a) Promptly following the Closing Date, the Vendor shall electronically submit applications to the AER for the Licence Transfers ("LTAs"), and, in each case, will provide a screen shot or other evidence indicating such submission to the Purchaser, and in addition the Vendor shall provide any information and documentation along with such LTAs to the AER which are required to be provided by the transferor in connection with the foregoing. The Purchaser shall accept or ratify such LTAs without delay, provided that, if the Purchaser in good faith determines or believes that any of the LTAs are not complete and

accurate, or the AER refuses to process any such LTAs because of some defect therein, the Parties shall cooperate to duly complete or to correct such incomplete or inaccurate LTAs as soon as practicable and, thereafter, the Vendor shall promptly re-submit such LTAs and the Purchaser shall accept or ratify such re-submitted LTAs without delay. All costs relating to LTAs hereunder, including any corrections and re-submissions thereof, shall be paid by the Vendor. The Purchaser shall provide any information and documentation in respect of such LTAs to the AER which are required to be provided by the transferee in connection with the foregoing.

- (b) If the AER denies any of the LTAs because of misdescription or other minor deficiencies contained therein, the Vendor shall, within two Business Days of such denial, correct the LTA(s) and amend and re-submit the LTA(s), and the Purchaser shall accept or ratify such re-submitted LTAs without delay.
- (c) If, for any reason, a Governmental Authority requires the Purchaser or its Affiliate or nominee to make a deposit or furnish any other form of security in order to approve any Licence Transfers, the Purchaser shall promptly make such deposit or furnish such other form of security as required.
- (d) If the Purchaser fails to make a deposit or furnish security it is required to make or furnish under Section 2.3(c) within 10 days of the Purchaser's receipt of notification from the applicable Governmental Authority, or any Vendor, that such deposit or security is required, the Vendors shall have the right to make such deposit or furnish such security. In such event, the Purchaser shall (as applicable) reimburse the amount of such deposit or the costs of such security to the Vendors plus interest thereon at the Prime Rate plus three percent (3%) from the date such deposit or security is made or furnished by the Vendors until such reimbursement is made and, in the case of security, cause the security to be returned to the Vendors as soon as possible and indemnify the Vendors for the amount and costs of any draws on the security plus interest thereon at the Prime Rate from the date such draw is made until such indemnification is made. In addition to all other rights to enforce such reimbursement otherwise available to the Vendors, it shall have the right to set-off the amount of such reimbursement or indemnification (including interest) against other monies due to the Purchaser pursuant to this Agreement.
- (e) The Purchaser shall on a timely and continuing basis keep the Vendor fully apprised and informed regarding all communications the Purchaser may have with the AER in connection with the Transaction, including all communications respecting LTAs, and without limiting the generality of the foregoing the Purchaser shall provide copies to the Vendor of all related correspondence from the Purchaser to the AER, and the Purchaser shall request that the AER provide copies to the Vendor of all related correspondence from the AER to the Purchaser.

2.4 Specific Conveyances

- (a) The Parties shall cooperate in the preparation of the Specific Conveyances. A reasonable time following its receipt of the Title Documents from Vendor, Purchaser shall prepare and provide for the Vendor's review all Specific Conveyances. None of the Specific Conveyances shall confer or impose upon either Party any greater right or obligation than as contemplated in this Agreement. Vendor shall execute the Specific Conveyances and deliver them to Purchaser no later than 5 days following their delivery to Vendor. The 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 the Purchaser.

- (b) As soon as practicable following Closing, the Vendor shall deliver or cause to be delivered to the 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 or control of the Vendor or of which the Vendor gains possession or control prior to Closing.
- (c) Notwithstanding Sections 2.4(a) and 2.4(b), requests for the transfers from the Vendor to the Purchaser of registered Crown leases or licences, related surface rights and any other Title Documents which are administered by the Alberta Government, shall be submitted by the Vendor and accepted by the Purchaser as soon as is practicable after Closing.

2.5 Post-Closing Maintenance of Assets

- (a) Following Closing, if and to the extent that Purchaser must be novated into, recognized as a party to, or otherwise accepted as assignee or transferee of Vendor's interest in the Assets or certain of them, including any Title Documents and Assumed Contracts, the following provisions shall apply with respect to the applicable Assets until such novation, recognition or acceptance has occurred:
 - (i) each of the Parties shall use reasonable commercial efforts to obtain, as may be required by the terms of any Assumed Contracts, consents or approvals to the assignment of such Assumed Contracts; provided that to the extent that any Cure Costs are payable with respect to any Assumed Contract, the Purchaser shall be responsible for and shall pay all such Cure Costs, which shall be paid directly to the counterparty as and when required in conjunction with the assignment of the Assumed Contracts, and which Cure Costs shall form part of the Purchase Price for the Assets;
 - (ii) each of the Parties shall use reasonable commercial efforts to obtain the AER's approval of the LTAs and registration of the License Transfers;
 - (iii) the Vendor shall hold the rights, entitlements, benefits, remedies, duties and obligations in respect of the applicable Assets in trust for the exclusive benefit of the Purchaser as bare trustee and agent;
 - (iv) the Vendor will, at the request and expense and under the direction of the Purchaser, in the name of the Vendor or otherwise as the Purchaser shall reasonably specify, take all such reasonable actions and do all such reasonable things as shall, in the reasonable opinion of the Purchaser, be necessary or desirable in order that the rights, entitlements, benefits, remedies, duties and obligations of the Vendor in respect of any applicable Assets may be enjoyed, received or performed, as the case may be, in accordance with the terms of the Title Documents and Assumed Contracts, including that all monies receivable under any Title Documents and Assumed Contracts may be received by the Purchaser and that all rights and licenses under any Title Documents and Assumed Contracts may be exercised by the Purchaser;

- (v) the Vendor shall, no later than 30 days after receipt of funds, pay over to the Purchaser all such monies collected by the Vendor in respect of the Assets following the Closing Date, net of any unpaid related costs or expenses (including any taxes that are payable in respect of the receipt of such amounts);
 - (vi) to the extent permitted by any applicable Assumed Contract:
 - (A) the Purchaser will pay, perform and discharge the duties and obligations accruing after Closing under such Assumed Contract, on behalf of the Vendor, until such time as the effective transfer or assignment of the relevant Assumed Contract to the Purchaser; and
 - (B) the Vendor shall use reasonable commercial efforts to exercise the rights, entitlements, benefits and remedies under such Assumed Contract, on behalf of the Purchaser until such time as the effective transfer or assignment of the relevant Assumed Contract to the Purchaser, or such Assumed Contract expires or otherwise terminates;
 - (vii) the Vendor shall not have any liability as a consequence of the Vendor taking any action or causing anything to be done under this Section 2.5(a), and the Purchaser shall be responsible and liable for, and, as a separate covenant, shall hereby indemnify and save harmless the Vendor, its Affiliates and their respective Representatives against, all costs and expenses reasonably incurred by the Vendor, its Affiliates or their respective Representatives as a consequence of or in connection with this Section 2.5(a); and
 - (viii) the Vendor shall maintain its existence, and continue to be licensed, registered or otherwise qualified and authorized to conduct its affairs and carry on business as is necessary to fulfill its obligations as set out in this Section 2.5(a) until the later of: (i) the earlier of the expiry or assignment to the Purchaser of the last applicable Assumed Contract, and (ii) the AER having approved the LTAs and registered the License Transfers; *provided, however*, that the obligations of the Vendor under this Section 2.5(a) shall expire and terminate and cease to be in effect on the date that is 90 days following Closing, which time period shall be automatically extended for so long as is required until the AER confirms in writing its decision to approve or reject the last of the LTAs.
- (b) Both before and after Closing, each of the Parties shall use all commercially reasonable efforts to obtain any and all approvals required under Applicable Law and any and all material consents of Third Parties required to permit this Transaction to be completed. The Parties acknowledge that the acquisition of such consents shall not be a condition precedent to Closing. It shall be the sole obligation of the Purchaser, at the Purchaser's sole cost and expense, to provide any and all Cure Costs, financial assurances, deposits or security that may be required by Governmental Authorities or any Third Parties under the Assumed Contracts or Applicable Laws to permit the transfer of the Assets, including the Assumed Contracts, to the Purchaser.

2.6 Assumed Liabilities

Following Closing, the Purchaser shall assume, perform, discharge and pay when due all of the Assumed Liabilities. For greater certainty, the Purchaser acknowledges and agrees that the Environmental

Liabilities and Abandonment and Reclamation Obligations in respect of the Assets are future costs and obligations associated with the ownership of the Assets that are tied and connected to the ownership of the Assets such that they are inextricably linked and embedded with the Assets.

2.7 Excluded Assets

Nothing contained herein or in any agreements, instruments, or other documents to be delivered at the Closing shall be deemed to sell, transfer, assign, convey or deliver the Excluded Assets to the Purchaser or any Affiliate of the Purchaser, and the Vendor shall retain all right, title, and interest to, in, and under the Excluded Assets, and neither the Purchaser nor any Affiliate of the Purchaser shall have any liability therefor. "Excluded Assets" shall mean the Vendor's Interest in any and all assets (whether tangible or intangible), properties, contracts or rights of the Vendor which are not specifically included in the Assets including, for greater certainty, the following assets (whether tangible or intangible), properties and rights of the Vendor, as applicable:

- (a) any Accounts Receivable and any Cash and Cash Equivalents; and
- (b) any assets listed in Schedule E.

To the extent any Title Documents or Assumed Contracts apply to both Assets and Excluded Assets, such Title Document or Assumed Contract, as applicable, shall be assigned and transferred to Purchaser and Purchaser shall, following such assignment and transfer, hold the Title Document or Assumed Contract, as applicable, as bare trustee of Vendor (or its assignee) to the extent applicable to any Excluded Assets.

ARTICLE 3 PURCHASE PRICE

3.1 Purchase Price

The consideration payable by the Purchaser for the Assets shall be the sum of:

- (i) cash in the amount of the Cure Costs; plus,
- (ii) cash in the amount of any amounts owing on the Administrative Charge at the time of closing; plus,
- (iii) the delivery by the Purchaser of an irrevocable direction from Whitebark Energy Ltd. to the Vendor and the Proposal Trustee providing that any dividends or similar distributions that Whitebark Energy Ltd. is entitled to receive in any Restructuring Proceedings involving the Vendor be distributed for the benefit of all of the Vendor's unsecured creditors other than Whitebark Energy Ltd.; plus,
- (iv) the amount of \$336,000 (THREE HUNDRED AND THIRTY SIX THOUSAND DOLLARS), net of any cash amounts paid to satisfy the Cure Costs and Administrative Charge,

(collectively, the "**Purchase Price**").

The Purchase Price is exclusive of all applicable Transfer Taxes, which shall be the responsibility of the Purchaser in accordance with Section 4.1. The Purchase Price shall be satisfied in accordance with Sections 2.5(a)(i) and 3.3(b), and shall not be subject to any adjustment. The Purchaser and

the Vendor acknowledge and agree that the Purchase Price reflects the fair market value of the Assets as of the Closing Date, having due regard to the Environmental Liabilities connected to and embedded in the Assets that depress the value of the Assets.

3.2 Allocation of Purchase Price

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

- (a) to the Petroleum and Natural Gas Rights, 80%;
- (b) to the Tangibles, 20% less \$10.00; and
- (c) to the Miscellaneous Interests, \$10.00.

3.3 Deposit and Satisfaction of Purchase Price

- (a) The Parties acknowledge that:
 - (i) within seven (7) days of the date hereof, or such later date as the Proposal Trustee, the Vendor, and the Purchaser may agree in writing, the Purchaser will pay \$33,600 (the "**Deposit**") to the Proposal Trustee;
 - (ii) the Deposit shall be held in trust by the Vendor; and
 - (iii) the Deposit shall be held and administered by the Vendor in accordance with the terms and conditions of this Agreement (including this Section 3.3).
- (b) At Closing, the Purchase Price (other than Cure Costs, which are payable in accordance with Section 2.5(a)(i)) shall be paid and satisfied as follows:
 - (i) as to the amount of the Deposit, the Vendor shall retain the amount of the Deposit and apply such amount against the amount of the Purchase Price;
 - (ii) the delivery by the Purchaser of an irrevocable direction from Whitebark Energy Ltd. to the Vendor and the Proposal Trustee providing that any dividends or similar distributions that Whitebark Energy Ltd. is entitled to receive in any Restructuring Proceedings involving the Vendor be distributed for the benefit of all of the Vendor's unsecured creditors other than Whitebark Energy Ltd.; and
 - (iii) as to the balance of the cash portion of the Purchase Price (other than Cure Costs, which are payable in accordance with Section 2.5(a)(i)), along with any additional amounts owing in respect of applicable GST, the Purchaser shall pay to the Vendor such amount by electronic wire transfer.
- (c) If this Agreement is terminated:
 - (i) (A) pursuant to Section 13.1(a) by mutual agreement of the Parties; or (B) pursuant to Sections 13.1(b) or 13.1(c) by the Purchaser; then the Deposit shall be returned to the Purchaser; or
 - (ii) for any reason other than as contemplated in Section 3.3(c)(i), the full amount of the Deposit shall be forfeited to the Vendor;

and, subject to Section 13.4, each Party shall be released from all obligations and liabilities under or in connection with this Agreement. In the event of termination of this Agreement under Section 3.3(c)(ii) pursuant to which the Vendor shall be entitled to retain the Deposit, the Parties agree that the amount of the Deposit, constitutes a genuine pre-estimate of liquidated damages representing the Vendor's Losses and Liabilities as a result of Closing not occurring and agree that the Vendor shall not be entitled to recover from the Purchaser any amounts that are in excess of the Deposit as a result of Closing not occurring. The Purchaser hereby waives any claim or defence that the amount of the Deposit is a penalty or is otherwise not a genuine pre-estimate of the Vendor's damages.

ARTICLE 4 TRANSFER TAXES

4.1 Transfer Taxes

The Parties agree that:

- (a) the Purchase Price does not include Transfer Taxes and the Purchaser shall be liable for and shall pay, and be solely responsible for, any and all Transfer Taxes pertaining to the Purchaser's acquisition of the Assets, which amounts shall either be paid to the Vendor on Closing or the Purchaser shall otherwise provide the Vendor with evidence of self-assessment and payment of such amounts to the relevant Governmental Authorities on or prior to Closing; and
- (b) the Purchaser shall indemnify the Vendor and its Affiliates for, from and against any Transfer Taxes (including any interest or penalties imposed by a Governmental Authority) that any of them are required to pay or for which any of them may become liable as a result of any failure by the Purchaser to self-assess, pay or remit such Transfer Taxes, other than as a result of a failure by the Vendor or its Affiliates to timely remit any amounts on account of Transfer Taxes paid by the Purchaser hereunder.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Vendor's Representations

The Vendor hereby represents and warrants to the Purchaser that:

- (a) it is a corporation duly incorporated and validly subsisting under the laws of the jurisdiction of its incorporation or formation and has the requisite power and authority to enter into this Agreement and to complete the Transaction;
- (b) except for: (i) the Court Approval and the SISP Approval; and (ii) the Licence Transfers; and (iii) any consents, approvals or waivers that are required in connection with the assignment of an Assumed Contract; the execution, delivery and performance of this Agreement by it does not and will not require any consent, approval, authorization or other order of, action by, filing with or notification to, any Governmental Authority, except where failure to obtain such consent, approval, authorization or action, or to make such filing or notification, would not prevent or materially delay the consummation by the Vendor of the Transaction;

- (c) it is not a non-resident of Canada within the meaning of such term under the *Income Tax Act* (Canada) and is not an agent or trustee for anyone with an interest in the Assets who is a non-resident of Canada within the meaning of such term under the *Income Tax Act* (Canada) (or a partnership that is not a "Canadian partnership" within the meaning of such term under the *Income Tax Act* (Canada));
- (d) subject to the Court Approval and the SISP Approval being obtained, this Agreement has been duly executed and delivered and constitutes a legal, valid and binding obligation of it and is enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar Applicable Laws relating to creditors' rights generally and subject to general principles of equity; and
- (e) with respect to the GST imposed under the GST Legislation, the Vendor is registered under the GST Legislation and will continue to be registered at the Closing Date in accordance with the provisions of the GST Legislation and its GST registration number is 71255 2520 RT0001.

5.2 Purchaser's Representations

The Purchaser hereby represents and warrants to the Vendor that:

- (a) it is a corporation duly incorporated and validly subsisting under the laws of the jurisdiction of its incorporation or formation and has the requisite power and authority to enter into this Agreement and to complete the Transaction;
- (b) it has taken all necessary corporate or other acts to authorize the execution, delivery and performance by it of this Agreement;
- (c) neither the execution of this Agreement nor its performance by the Purchaser will result in a breach of any term or provision or constitute a default under any indenture, mortgage, deed of trust or any other agreement to which the Purchaser is a party or by which it is bound which breach could materially affect the ability of the Purchaser to perform its obligations hereunder;
- (d) except for: (i) the Court Approval and the SISP Approval; and (ii) the Licence Transfers; and (iii) any consents, approvals or waivers that are required in connection with the assignment of an Assumed Contract; the execution, delivery and performance of this Agreement by it does not and will not require any consent, approval, authorization or other order of, action by, filing with or notification to, any Governmental Authority, except where failure to obtain such consent, approval, authorization or action, or to make such filing or notification, would not prevent or materially delay the consummation by the Purchaser of this Transaction;
- (e) subject to the Court Approval and the SISP Approval being obtained, this Agreement has been duly executed and delivered by it and constitutes a legal, valid and binding obligation of the Purchaser and is enforceable against the Purchaser in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar Applicable Laws relating to creditors' rights generally and subject to general principles of equity;

- (f) the Purchaser is not a non-Canadian Person within the meaning of the *Investment Canada Act* (Canada) nor a non-resident of Canada for the purposes of the *Income Tax Act* (Canada);
- (g) the Vendor will not be liable for any brokerage commission, finder's fee or other similar payment in connection with the Transaction because of any action taken by, or agreement or understanding reached by, the Purchaser;
- (h) on the Closing Date, the Purchaser will meet all eligibility criteria and any other requirements of Governmental Authorities to purchase and accept a transfer of the Assets, including without limiting the generality of the foregoing, the eligibility criteria and requirements of the AER under its "Licensee Liability Rating" program (or any successor program) to the Purchaser as a transferee of the Assets as contemplated hereunder, and the Purchaser is not aware of any fact or circumstance that would prevent or delay the Licence Transfers from being completed as contemplated hereunder;
- (i) with respect to the GST imposed under the GST Legislation, the Purchaser is registered under the GST Legislation and will continue to be registered at the Closing Date in accordance with the provisions of the GST Legislation and that its GST registration number is 77966 8878 RT0001;
- (j) the Purchaser is a "Canadian" within the meaning of the *Investment Canada Act* (Canada);
- (k) the Purchaser will have the financial resources necessary to pay, as and when due from the Purchaser, the Purchase Price (including the Deposit and the Cure Costs), the Transfer Taxes, its legal fees and expenses, registration costs and any other amounts payable by the Purchaser pursuant hereto; and
- (l) the Purchaser has the financial resources necessary to post or satisfy all necessary security, deposits, letters of credit, guarantees or other financial assurances necessary to take possession of the Assets and to satisfy the security required by the Assumed Contracts.

5.3 Enforcement of Representations and Warranties

- (a) The representations and warranties of each Party contained in this Agreement shall survive until Closing and shall thereafter be of no further force and effect. Effective upon the occurrence of Closing, each Party hereby releases and forever discharges each other Party from any breach of any representations and warranties set forth in this Agreement. For greater certainty, none of the representations and warranties contained in this Article 5 shall survive Closing and each Party's sole recourse for any material breach of representation or warranty by the other Party shall be for the non-breaching Party to not complete the Transaction in accordance with this Agreement.
- (b) The representations and warranties of the Vendor made herein or pursuant hereto are made for the exclusive benefit of the Purchaser, and the representations and warranties of the Purchaser made herein or pursuant hereto are made for the exclusive benefit of the Vendor, as the case may be, and are not transferable and may not be made the subject of any right of subrogation in favour of any other Person.
- (c) The Parties expressly acknowledge and agree that the provisions of this Section 5.3 and the limit on each Party's liability set out in this Section 5.3 are intended by the Parties as a

limitation of liability that represents a fair and equitable allocation of the risks and liabilities that each Party has agreed to assume in connection with the subject matter hereof and is not an agreement within the provision of subsection 7(2) of the *Limitations Act* (Alberta).

ARTICLE 6
"AS IS, WHERE IS" AND NO ADDITIONAL
REPRESENTATIONS AND WARRANTIES

6.1 Due Diligence Acknowledgement

The Purchaser acknowledges and agrees that:

- (a) it was solely responsible to perform any inspections it deemed pertinent to the purchase of the Assets and to be satisfied as to the condition of the Assets prior to entering into this Agreement with the Vendor;
- (b) notwithstanding the fact that it was permitted to review any diligence materials and disclosures provided by the Vendor, including the Data Room Information, the Vendor assumes no liability for errors or omissions in such diligence materials and disclosure or any other property listings or advertising, promotional or publicity statements and materials, and makes no representations or warranties in respect thereof;
- (c) by entering into this Agreement with the Vendor, the Purchaser shall be deemed to represent, warrant and agree with respect to the Assets that:
 - (i) the Purchaser has inspected the Assets and is familiar and satisfied with the physical condition thereof and has conducted such investigation of the Assets as the Purchaser has determined appropriate;
 - (ii) none of the Vendor, its Affiliates or its respective Representatives have made any oral or written representation, warranty, promise or guarantee whatsoever to the Purchaser, expressed or implied, and in particular, that no such representations, warranties, guarantees, or promises have been made with respect to the physical condition, operation, or any other matter or thing affecting or related to the Assets and/or the offering or sale of the Assets;
 - (iii) the Purchaser has not relied upon any representation, warranty, guarantee or promise or upon any statement made or any information provided concerning the Assets, including the Data Room Information made available to the Purchaser by the Vendor, its Affiliates or their respective Representatives;
 - (iv) the Purchaser has entered into this Agreement after having relied solely on its own independent investigation, inspection, analysis, appraisal and evaluation of the Assets and the facts and circumstances related thereto;
 - (v) any information provided or to be provided by or on behalf of the Vendor with respect to the Assets, including all Data Room Information, was obtained from information provided to the Vendor and the Vendor has not made any independent investigation or verification of such information, and makes no representations as to the accuracy or completeness of such information; and

- (vi) none of the Vendor, its Affiliates or their respective Representatives are liable or bound in any manner by any oral or written statements, representations or information pertaining to the Assets, or the operation thereof, made or furnished by any real estate broker, agent, employee, or other Person.

6.2 "As Is, Where Is", No Additional Representations

- (a) Without limiting any other provision of this Agreement, the Purchaser acknowledges and agrees that it is acquiring the Assets on an "as is, where is" and "without recourse" basis with all defects, both patent and latent, and with all faults, whether known or unknown, presently existing or that may hereafter arise. The Purchaser acknowledges and agrees that, except as expressly set forth in this Agreement, the Vendor, its Affiliates and their respective Representatives have not made, do not make and specifically negate and disclaim any representation, warranty, promise, covenant, agreement or guaranty of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning or with respect to the Assets. For greater certainty, but without limitation, except as expressly set forth in this Agreement, none of the Vendor, its Affiliates or their respective Representatives make any condition, representation or warranty whatsoever, express or implied, with respect to:
 - (i) the title and interest of the Vendor in and to the Assets;
 - (ii) the quality, quantity or recoverability of Petroleum Substances within or under the Lands or any lands pooled or unitized therewith;
 - (iii) the income to be derived from the Assets, if any;
 - (iv) any estimates of the value of the Assets or the revenues or cash flows from future production from the Lands;
 - (v) the rates of production of Petroleum Substances from the Lands;
 - (vi) the quality, condition, marketability, profitability, fitness for a particular purpose or merchantability of any tangible depreciable equipment or property interests which comprise the Assets (including the Tangibles);
 - (vii) the suitability of the Assets for any and all purposes, activities and uses which the Purchaser may desire to conduct thereon;
 - (viii) the compliance of or by the Assets or its operation with any Applicable Law (including Environmental Laws);
 - (ix) the validity or enforceability of the Assumed Contracts or the ability to assign any of the Assumed Contracts;
 - (x) any regulatory approvals, permits and licenses, consents or authorizations that may be needed to complete the purchase of the Assets contemplated by this Agreement;
 - (xi) the manner or quality of the construction or materials, if any, incorporated into the Assets;

- (xii) the manner, quality, state of repair or lack of repair of the Assets;
 - (xiii) the existence of soil instability, past soil repairs, susceptibility to landslides, sufficiency of under-shoring, sufficiency of drainage, or any other matter affecting the stability or integrity of the Assets or any structures or improvements situated thereon;
 - (xiv) whether the Assets are located in a seismic hazards zone or a flood hazard zone;
 - (xv) the presence of pests and any damage to the Assets and/or its improvements that may have occurred as a result;
 - (xvi) the nature and quantum of the Assumed Liabilities; or
 - (xvii) any other matter with respect to the Assets.
- (b) The Purchaser acknowledges that the release and disclaimer described in this Article 6 is intended to be very broad and, except for its express rights under this Agreement, the Purchaser expressly waives and relinquishes any rights or benefits it may have under any Applicable Law designed to invalidate releases of unknown or unsuspected claims.
- (c) Except for its express rights under this Agreement, the Purchaser hereby waives all rights and remedies (whether now existing or hereinafter arising and including all common law, tort, contractual and statutory rights and remedies) against the Vendor, its Affiliates and their respective Representatives in respect of the Assets and any representations or statements made or information or data furnished to the Purchaser or its Representatives in connection herewith (whether made or furnished orally or by electronic, faxed, written or other means). Such waiver is absolute, unlimited, and includes, but is not limited to, waiver of express warranties, implied warranties, any warranties contained in the *Sale of Goods Act* (Alberta) (or similar applicable statutes, all as may be amended, repealed or replaced), warranties of fitness for a particular use, warranties of merchantability, warranties of occupancy, strict liability and claims of every kind and type, including claims regarding defects, whether or not discoverable or latent, product liability claims, or similar claims, and all other claims that may be later created or conceived in strict liability or as strict liability type claims and rights.

ARTICLE 7 RISK AND COSTS AND INSURANCE

7.1 Risk and Costs

The Assets will be at the sole risk and responsibility of the Vendor until the Closing Date, and thereafter at the sole risk and responsibility of the Purchaser.

7.2 Insurance

Any property, liability and other insurance maintained by the Vendor in relation to the Assets shall not be transferred at Closing, but shall remain the responsibility of the Vendor until the Closing Date. The Purchaser shall be responsible for placing its own property, liability and other insurance coverage with respect to the Assets in respect of the period from and after 12:01 a.m. on the Closing Date.

ARTICLE 8 INDEMNIFICATION

8.1 Indemnification Given by Purchaser

If Closing occurs, the Purchaser shall:

- (a) be liable to the Vendor, its Affiliates and their respective Representatives for; and
- (b) as a separate covenant, indemnify and save harmless the Vendor, its Affiliates and their respective Representatives from and against;

all Losses and Liabilities suffered, sustained, paid or incurred by the Vendor, its Affiliates and/or their respective Representatives related to or in connection with the Assumed Liabilities, including: (i) all Losses and Liabilities attributable to the ownership, operation, use, construction or maintenance of the Assets during the period following the Closing Date; (ii) all Losses and Liabilities arising or accruing on or after the Closing Date under any Assumed Contract as contemplated in Section 2.5(a)(vii), including any and all Cure Costs; and (iii) any other Losses and Liabilities for which the Purchaser has otherwise agreed to indemnify the Vendor pursuant to this Agreement, including pursuant to Section 9.2. The Purchaser's indemnity obligations set forth in this Section 8.1 shall survive the Closing Date indefinitely pursuant to Section 14.3.

8.2 Third Party Claims

- (a) If any of the Vendor, its Affiliates or their respective Representatives receives written notice of the commencement or assertion of any Third Party Claim for which the Purchaser is liable pursuant to this Agreement (or has otherwise agreed to indemnify the Vendor, its Affiliates or their respective Representatives against), the Vendor shall give the Purchaser reasonably prompt notice thereof, but in any event no later than ten (10) days after receipt of such notice of such Third Party Claim. Such notice to the Purchaser shall describe the Third Party Claim in reasonable detail and shall indicate, if reasonably practicable, the estimated amount (or the method of computation of the amount) of the Losses and Liabilities that has been or may be sustained by the Vendor, its Affiliates or their Representatives, respectively, and a reference to the provisions of this Agreement, or other applicable document, upon which such claim is based.
- (b) The Purchaser may assume the carriage and control of the defence of any Third Party Claim by giving notice to that effect to the Vendor, not later than ten (10) days after receiving notice of that Third Party Claim (the "Notice Period") so long as: (i) the Purchaser first acknowledges to the Vendor, in writing, liability to the Vendor, its Affiliates and/or their respective Representatives, under this Agreement with respect to such Third Party Claim and that the outcome of such Third Party Claim does not alter or diminish the Purchaser's obligation to indemnify the Vendor, its Affiliates and/or their respective Representatives, pursuant to this Agreement, subject to the Purchaser's right to contest in good faith the Third Party Claim; (ii) the Purchaser has the financial resources to defend against the Third Party Claim and fulfill any indemnification obligations and has provided the Vendor, its Affiliates and/or their respective Representatives, with evidence thereof; (iii) the Third Party Claim involves monetary damages; and (iv) the Purchaser thereafter pursues the defence or settlement of the Third Party Claim actively and diligently. The Purchaser's right to do so shall be subject to the rights of any insurer or other third party who has potential liability in respect of that Third Party Claim. The Purchaser shall pay all of its

own expenses of participating in or assuming such defence. In the event that the Purchaser elects to assume the carriage and control of the defence of a Third Party Claim pursuant to this Section 8.2(b), then the Vendor shall, or shall cause its Affiliates and/or their respective Representatives to, cooperate in good faith in the defence of each Third Party Claim and may participate in such defence assisted by counsel of its own choice at its own expense.

- (c) If the Vendor has not received notice within the Notice Period that the Purchaser has elected to assume the carriage and control of the defence of such Third Party Claim in accordance with Section 8.2(b), or if the Purchaser has given such notice but thereafter fails or is unable to pursue the defence or settlement of such Third Party Claim actively and diligently, the Vendor, its Affiliates and/or their respective Representatives, may, at their option, elect to settle or compromise the Third Party Claim on terms of its choosing, or assume such defence assisted by counsel of its own choosing, and the Purchaser shall be liable for all reasonable costs and expenses paid or incurred in connection therewith and any Losses and Liabilities suffered or incurred by the Vendor, its Affiliates and/or their respective Representatives with respect to such Third Party Claim.

8.3 Failure to Give Timely Notice

Notwithstanding that time is of the essence, a failure to give timely notice as provided in this Article 8 shall not affect the rights or obligations of any Party except and only to the extent that, as a result of such failure, any Party which was entitled to receive such notice was deprived of its right to recover any payment under any applicable insurance coverage or was otherwise prejudiced as a result of such failure.

8.4 No Merger

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

8.5 Third Party Beneficiary

The Vendor's Representatives and the Vendor's Affiliates, and all of their respective Representatives are intended third party beneficiaries of this Article 8 and shall have the right, power and authority to enforce the provisions hereof as though they were each a party hereto. The Purchaser further agrees to execute such agreements as may be reasonably requested by such Persons in connection with these provisions that are consistent with this Article 8 or that are reasonably necessary to give further effect thereto.

ARTICLE 9 ENVIRONMENTAL MATTERS

9.1 Acknowledgements Regarding Environmental Condition

The 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. The 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 the Vendor has provided the Purchaser with a reasonable opportunity to inspect the Assets at the sole cost, risk and expense of the Purchaser (insofar as the Vendor could reasonably provide such access) and that the Purchaser is not relying upon any representation or warranty of the Vendor, any of the Vendor's Affiliates, or any of their respective Representatives as to the environmental

condition of the Assets, or any Environmental Liabilities or Abandonment and Reclamation Obligations in respect thereof.

9.2 Assumption of Environmental Liabilities

If Closing occurs, the Purchaser shall:

- (a) be liable to the Vendor, its Affiliates and their respective Representatives for; and
- (b) as a separate covenant, indemnify and save harmless the Vendor, its Affiliates and their respective Representatives from and against;

all Losses and Liabilities suffered, sustained, paid or incurred by the Vendor, its Affiliates or their respective Representatives as a result of any matter or thing arising out of, attributable to or connected with any Environmental Liabilities or any Abandonment and Reclamation Obligations. Once Closing has occurred, the Purchaser shall be solely responsible for all Environmental Liabilities and all Abandonment and Reclamation Obligations as between the Vendor (on one hand) and the Purchaser (on the other hand) including whether occurring or accruing prior to, on or after the Closing Date, and hereby releases the Vendor, its Affiliates and their respective Representatives from any claims the Purchaser may have against the Vendor with respect to all such Environmental Liabilities and Abandonment and Reclamation Obligations. Without restricting the generality of the foregoing, the 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 Tangibles.

ARTICLE 10 COVENANTS

10.1 Court Filings

- (a) From and after the date of execution of this Agreement and until the Closing Date, the Vendor shall use commercially reasonable efforts to deliver to the Purchaser copies of all pleadings, motions, notices, statements, schedules, applications, reports and other papers that relate, in whole or in part, to this Agreement, or to the Purchaser or its Representatives, that are to be filed by the Vendor in connection with the Court Approval in advance of their filing, before the filing of such papers, and shall provide the Purchaser with a reasonable opportunity to review and comment thereon.
- (b) The Vendor shall act reasonably and in good faith in considering any comments provided by the Purchaser to such papers; *provided, however* that, subject in each case to the foregoing good faith obligations of the Vendor, the Vendor shall have no obligation to accept and incorporate the Purchaser's comments to such papers and neither the Vendor's inadvertent failure to comply with this Section 10.1, nor the Vendor's failure to comply with this Section 10.1 due to emergency circumstances, shall constitute a breach under this Agreement.

10.2 Conduct of Business Until Closing

- (a) Except: (A) as expressly provided in this Agreement; (B) with the prior written consent of the Purchaser (not to be unreasonably withheld, conditioned or delayed); (C) as necessary or advisable in connection with the Bankruptcy Proceedings; or (D) as otherwise provided in the Sale Order or any other order of the Court in connection with the Bankruptcy

Proceedings; following the date hereof and prior to Closing, to the extent reasonably practicable having regard to the Bankruptcy Proceedings, the Vendor shall use commercially reasonable efforts to:

- (i) maintain the Assets, or cause the Assets to be maintained, in accordance with good industry practice, and in material compliance with all Applicable Laws, the directions of Governmental Authorities and the terms and conditions of the Assumed Contracts;
 - (ii) pay or cause to be paid all costs and expenses relating to the Assets which become due from the date hereof to the Closing Date;
 - (iii) not sell, pledge, assign, lease, license, or cause, permit, or suffer the imposition of any Encumbrance (other than Permitted Encumbrances) on, or otherwise dispose of, any of the Assets, except in the ordinary course of normal day-to-day operations of the Assets, consistent with past practices;
 - (iv) not make any commitment or propose, initiate or authorize any capital expenditure with respect to the Assets in excess of Twenty-Five Thousand Dollars (\$25,000), except in case of an emergency; or
 - (v) not authorize or agree, in writing or otherwise, to take any of the actions in respect of the foregoing.
- (b) Until the Closing Date, the Vendor shall provide the Purchaser and its Representatives with all access to the Assets as reasonably required by the Purchaser in order to allow for and assist the Purchaser with its due diligence and an orderly passing of the Assets to the Purchaser following Closing in accordance herewith, such access including:
- (i) physical field inspection;
 - (ii) environmental review; and
 - (iii) title review and review of the terms and conditions of the Title Documents and operating documents pursuant to which the Vendor owns its interest in the Assets, and any associated material contracts.
- (c) The access to the Assets to be afforded to the Purchaser and its Representatives pursuant to this Section 10.2 will be subject to the Assumed Contracts and all of the Vendor's site entry protocols, health, safety and environmental rules, policies and procedures. Further, the Purchaser acknowledges and agrees that it shall:
- (i) be solely liable and responsible for any and all Losses and Liabilities which the Vendor, its Affiliates or their respective Representatives may suffer, sustain, pay or incur; and
 - (ii) as a separate covenant, indemnify and save harmless the Vendor, its Affiliates and their respective Representatives harmless from any and all Claims or Losses and Liabilities whatsoever which may be brought against, suffered by or incurred by the Vendor, its Affiliates or their respective Representatives;

arising out of, resulting from, attributable to or in any way connected with any access provided to the Purchaser or its Representatives pursuant to this Section 10.2.

10.3 ROFRs

- (a) The Vendor and Purchaser shall use commercially reasonable efforts to identify the Assets which are the subject of ROFRs as soon as reasonably practicable following the date hereof, and in any event prior to Closing. Promptly following the identification of Assets which are the subject of ROFRs, if any, the Purchaser shall provide the Vendor with its bona fide allocation of the amount of the Purchase Price attributable to each of such Assets which are subject to a ROFR.
- (b) The Vendor shall courier ROFR notices to the Third Parties holding such ROFRs promptly following the receipt of Purchaser's allocation of the Purchase Price attributable thereto pursuant to Section 10.3(a). The Vendor shall utilize the Purchaser's allocation of the Purchase Price attributable to the Assets subject to ROFRs for purposes of preparing and issuing the ROFR notices. The Vendor shall notify the Purchaser in writing forthwith upon each Third Party exercising or waiving such a ROFR.
- (c) If any such Third Party elects to exercise such a ROFR, then:
 - (i) the definition of Assets shall be deemed to be amended to exclude those Assets in respect of which the ROFR has been exercised;
 - (ii) such Assets shall not be conveyed to the Purchaser; and
 - (iii) any proceeds received by the Vendor from a Third Party in respect of the sale and conveyance of any Assets which are subject to a ROFR shall be deemed to form part of the Excluded Assets, and the Purchase Price shall not be subject to any reduction in the event of the exercise of any such ROFR by a Third Party.
- (d) In the event that a Third Party exercises a ROFR and is then unable or unwilling to enter into a conveyance agreement with the Vendor for the relevant Assets, the Purchaser agrees to accept a conveyance of such Assets under the same terms and conditions as this Agreement to whatever extent possible.
- (e) Closing shall not be delayed even though certain of the ROFRs are outstanding and capable of exercise by the holders thereof as of the Closing Date (such ROFRs being referred to as "**Outstanding ROFRs**"). In such case, the following procedures shall apply:
 - (i) the Parties shall proceed with Closing (for greater certainty without any reduction in the Purchase Price for the Outstanding ROFRs, and without variation of any other terms or conditions of this Agreement);
 - (ii) the Purchaser shall prepare all Specific Conveyances and other closing documentation required for the sale of the Assets subject to the Outstanding ROFRs (the "**Outstanding ROFR Assets**");
 - (iii) if an Outstanding ROFR is exercised by a Third Party, the Vendor will promptly notify the Purchaser thereof in writing, the Specific Conveyances and other closing documentation related to such Outstanding ROFR Assets will be of no force or

effect and shall be destroyed by the Purchaser, and the provisions of Section 10.3(c) shall apply to the Assets which are the subject of the Outstanding ROFR being exercised by the Third Party, *mutatis mutandis*;

- (iv) if after Closing an Outstanding ROFR is extinguished by lapse of time, waiver or otherwise (other than as a result of being exercised), the Vendor will promptly notify the Purchaser thereof in writing and promptly deliver executed copies of the Specific Conveyances and closing documentation previously prepared to the Purchaser, and such documentation shall be effective and the sale of such Outstanding ROFR Assets to Purchaser pursuant hereto shall be deemed to have closed on the Closing Date.

10.4 Document Review

Prior to Closing, Vendor shall provide Purchaser with reasonable access to the Title Documents and other Miscellaneous Interests in the possession or under the control of Vendor for the purpose of verifying the continued validity and effect of the Title Documents, the identification of Assets the subject of ROFRs, the preparation of Specific Conveyances and other matters related to this Agreement and the Transaction.

ARTICLE 11 CONDITIONS

11.1 Mutual Conditions

The respective obligations of the Parties to complete the purchase and sale of the Assets are subject to the following conditions being fulfilled or performed as at or prior to the Closing Date:

- (a) the Court shall have granted the Sale Order and the Sale Order shall be a Final Order;
- (b) no Governmental Authority shall have enacted, issued or promulgated any final or non-appealable order or Applicable Law subsequent to the date hereof which has the effect of: (i) making any of the transactions contemplated by this Agreement illegal; or (ii) otherwise prohibiting, preventing or restraining the Vendor from the sale of the Assets; and
- (c) the Closing is not otherwise prohibited by Applicable Law;

The foregoing conditions are for the mutual benefit of the Vendor and the Purchaser and may be asserted by the Vendor or the Purchaser regardless of the circumstances and may be waived only with the agreement of the Vendor and the Purchaser, provided, however, that the Sale Order condition set out in Section 11.1(a) may not be waived by the Parties.

11.2 Conditions for the Benefit of the Purchaser

The obligation of the Purchaser to complete the purchase of the Assets is subject to the following conditions being fulfilled or performed as at or prior to the Closing Date:

- (a) all representations and warranties of the Vendor contained in Section 5.1 of this Agreement shall be true and correct in all material respects as at the Closing Date with the same force and effect as if made at and as of such time, and the Vendor shall have delivered to the

Purchaser a certificate to that effect substantially similar in form to that attached hereto as Schedule D;

- (b) the Vendor shall have complied with and performed, in all material respects, all of its covenants and obligations contained in this Agreement;
- (c) upon Closing, the Assets shall not be subject to any Encumbrances for, or in respect of, municipal taxes or other tax Claims; and
- (d) the Vendor shall have executed and delivered or caused to have been executed and delivered to the Purchaser at or before the Closing all the documents contemplated in Section 12.2.

The foregoing conditions are for the exclusive benefit of the Purchaser and may be waived by it in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Purchaser may have.

11.3 Conditions for the Benefit of the Vendor

The obligation of the Vendor to complete the sale of the Assets is subject to the following conditions being fulfilled or performed as at or prior to the Closing Date:

- (a) all representations and warranties of the Purchaser contained in Section 5.2 of this Agreement shall be true and correct in all material respects as at the Closing Date with the same force and effect as if made at and as of such time, and the Purchaser shall have delivered to the Vendor a certificate to that effect substantially similar in form to that attached hereto as Schedule D;
- (b) the Purchaser shall have complied with and performed in all material respects all of its covenants and obligations contained in this Agreement;
- (c) the Purchaser shall have executed and delivered or caused to have been executed and delivered to the Vendor at or before the Closing all the documents contemplated in Section 12.3; and
- (d) the Vendor has not lost its ability to convey the Assets due to an order of the Court.

The foregoing conditions are for the exclusive benefit of the Vendor and may be waived by it in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Vendor may have.

11.4 Satisfaction of Conditions

Each of the Parties shall proceed diligently and in good faith and use all commercially reasonable efforts to fulfill and assist in the fulfillment of the conditions set forth in Sections 11.1, 11.2 and 11.3. In addition, each of the Parties agrees not to take any action that could reasonably be expected to preclude, delay or have an adverse effect on the Transaction or would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect.

ARTICLE 12 CLOSING

12.1 Closing Date

Subject to the conditions set out in this Agreement, the Transaction shall close and be completed on the Closing Date, or at such other time as the Parties may agree in writing.

12.2 Deliveries on Closing by the Vendor

The Vendor shall deliver (or cause to be delivered) to the Purchaser's Solicitor on or before the Closing Date:

- (a) a Court certified copy of the Sale Order;
- (b) the General Conveyance, Assignment and Assumption Agreement duly executed by the Vendor;
- (c) all documents listed in Section 12.3 which contemplate execution by the Vendor;
- (d) the certificate of the Vendor referred to in Section 11.2(a); and
- (e) any other deeds, conveyances, assurances, transfers, assignments, instruments, documents, resolutions and certificates as are referred to in this Agreement or as the Purchaser may reasonably require to give effect to this Agreement.

12.3 Deliveries on Closing by the Purchaser

The Purchaser shall deliver (or cause to be delivered) to the Vendor's Solicitor on or before the Closing Date:

- (a) payment of the Purchase Price in trust to the Proposal Trustee (other than Cure Costs, which are payable in accordance with Section 2.5(a)(i)) in accordance with Section 3.3(b) hereof;
- (b) payment of all Transfer Taxes payable on Closing to the Vendor or the Vendor's Solicitors (or evidence of self-assessment and payment by the Purchaser thereof to the relevant Governmental Authorities);
- (c) the General Conveyance, Assignment and Assumption Agreement duly executed by the Purchaser;
- (d) all documents listed in Section 12.2 which contemplate execution by the Purchaser;
- (e) the certificate of the Purchaser referred to in Section 11.3(a);
- (f) any other deeds, conveyances, assurances, transfers, assignments, instruments, documents, resolutions and certificates as are referred to in this Agreement or as the Vendor may reasonably require to give effect to this Agreement.

ARTICLE 13 TERMINATION

13.1 Grounds for Termination

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

- (a) by the written agreement of the Vendor and the Purchaser, provided however that if this Agreement has been approved by the Court, any such termination shall require the approval of the Court;
- (b) by the Purchaser, upon written notice to the Vendor, if there has been a material breach by the Vendor of any material representation, warranty or covenant contained in this Agreement, which breach has not been waived by the Purchaser, and: (i) such breach is not curable and has rendered the satisfaction of any condition in Section 11.2 impossible by the Outside Date; or (ii) if such breach is curable, the Purchaser has provided prior written notice of such breach to the Vendor, and such breach has not been cured within ten (10) days (or, if not curable within ten (10) days, such longer period as is reasonable under the circumstances, not to exceed thirty (30) days) following the date upon which the Vendor received such notice;
- (c) by the Purchaser, upon written notice to the Vendor, any time after the Outside Date, if the Closing has not occurred by the Outside Date and such failure to close was not caused by or as a result of the Purchaser's breach of this Agreement;
- (d) by the Vendor, upon written notice to the Purchaser, if there has been a material breach by the Purchaser of any material representation, warranty or covenant contained in this Agreement, which breach has not been waived by the Vendor, and: (i) such breach is not curable and has rendered the satisfaction of any condition in Section 11.3 impossible by the Outside Date; or (ii) if such breach is curable, the Vendor has provided prior written notice of such breach to the Purchaser, and such breach has not been cured within ten (10) days (or, if not curable within ten (10) days, such longer period as is reasonable under the circumstances, not to exceed thirty (30) days) following the date upon which the Purchaser received such notice; or
- (e) by the Vendor, upon written notice to the Purchaser, any time after the Outside Date, if the Closing has not occurred by the Outside Date and such failure to close was not caused by or as a result of the breach of this Agreement by the Vendor.

13.2 Automatic Termination

This Agreement shall terminate automatically, without any further action by either the Vendor or the Purchaser, if the Vendor accepts a Superior Offer pursuant to the SISP. For greater certainty, without limiting the generality of the foregoing, the Purchaser shall be entitled to the Break Fee if this Agreement terminates pursuant to this Section 13.2.

13.3 Break Fee and Expense Reimbursement Amount

Inconsideration of the Purchaser and its affiliates having expended time and expense in connection with this Agreement, and the identification and quantification of assets to be included in the Assets, and to compensate the Purchaser as a stalking-horse bidder under the SISP, if this Agreement is terminated, other

than due to a material breach of this Agreement by the Purchaser pursuant to Section 13.1(d), and (A) a Superior Offer is accepted or (B) any other sale of assets or proposal occurs within the NOI Proceedings that (I) results in a change of control of the Vendor, or (II) provides cash on closing to the Vendor greater than the cash component of the Purchase Price hereunder, then the Vendor shall pay to the Purchaser in cash immediately following the closing of such transaction:

- (i) the Break Fee; and,
- (ii) the Expense Reimbursement Amount, not to exceed \$25,000,

as consideration for the disposition of the Purchaser's rights under this Agreement. For greater certainty, the Vendor's obligation to pay the Break Fee and the Expense Reimbursement Amount to the Purchaser shall survive the termination of this Agreement.

13.4 Effect of Termination

Notwithstanding any termination of this Agreement as permitted under Section 13.1, Section 13.2, or as otherwise provided for in this Agreement, the provisions of Sections 3.3 (Deposit), 10.2(c)(ii) (Indemnification), 13.3 (Break Fee and Expense Reimbursement Amount), 14.1 (Public Announcements), 14.4 (Governing Law), 14.5 (Consequential Damages), 14.11 (Costs and Expenses) and 14.15 (Third Party Beneficiaries) shall remain in full force and effect following any such permitted termination, and the Deposit shall be governed by Section 3.3.

ARTICLE 14 GENERAL

14.1 Public Announcements

- (a) Subject to Section 14.1(b), if a Party intends to issue a press release or other public disclosure of this Agreement, the terms hereof or the Transaction, the disclosing Party shall provide the other Parties with an advance copy of any such press release or public disclosure with sufficient time to enable the other Parties to review such press release or other public disclosure and provide any comments. The disclosing Party shall not issue such press release or other public disclosure without the prior written consent of the other Parties, such consent not to be unreasonably withheld.
- (b) Notwithstanding Section 14.1(a): (i) this Agreement may be filed by the Vendor with the Court; and (ii) the Transaction may be disclosed by the Vendor to the Court, subject to redacting confidential or sensitive information as permitted by Applicable Law. The Parties further agree that:
 - (i) the Vendor may prepare and file reports and other documents with the Court containing references to the Transaction and the terms of the Transaction; and
 - (ii) the Vendor and its professional advisors may prepare and file such reports and other documents with the Court containing references to the Transaction contemplated by this Agreement and the terms of such Transaction as may reasonably be necessary to obtain the Court Approval and the SISP Approval and to complete the Transaction contemplated by this Agreement or to comply with their obligations to the Court.

14.2 Dissolution of Vendor

Subject to the Vendor's obligations in Section 2.5, the Purchaser acknowledges and agrees that nothing in this Agreement shall operate to prohibit or diminish in any way the right of the Vendor or any of its Affiliates to cause the dissolution or wind-up of the Vendor subsequent to the Closing Date, or otherwise cause or allow the Vendor to cease operations in any manner or at any time subsequent to the Closing Date as the Vendor may determine in its sole discretion, which may be exercised without regard to the impact any such action may have on the Vendor's ability to fulfil its obligations under this Agreement that survive Closing.

14.3 Survival

Upon Closing, the obligations, covenants, representations and warranties of the Parties set out in this Agreement shall expire, be terminated and extinguished and of no further force or effect, provided that notwithstanding the Closing contemplated hereunder or the delivery of documents pursuant to this Agreement, the obligations and covenants of the Parties set out in Section 2.3 (AER Licence Transfers), Section 2.3 (Assignment of Assumed Contracts and Third Party Consents), Section 2.4 (Specific Conveyances), Section 5.3 (Enforcement of Representations and Warranties), Section 10.2(c)(ii) (Indemnification), Section 10.3 (ROFRs) and 3.3(c)(i) (Transfer Taxes), Article 6 ("As Is, Where Is" and No Additional Representations and Warranties), Article 8 (Indemnification), Article 9 (Environmental Matters) and Article 14 (General), shall survive Closing, shall remain in full force and effect, shall not merge as a result of Closing and shall be binding on the Parties indefinitely thereafter except as expressly stated to the contrary therein or otherwise in accordance with Applicable Laws.

14.4 Governing Law

- (a) This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta, and the federal laws of Canada applicable therein (excluding any conflict of law rule or principle of such laws that might refer such interpretation or enforcement to the laws of another jurisdiction). The Parties consent to the jurisdiction and venue of the courts of Alberta for the resolution of any such dispute arising under this Agreement.
- (b) Notwithstanding Section 14.4(a), any and all documents or orders that may be filed, made or entered in the NOI Proceedings, and the rights and obligations of the Parties thereunder, including all matters of construction, validity and performance thereunder, shall in all respects be governed by, and interpreted, construed and determined in accordance with the laws of the Province of Alberta. The Parties consent to the jurisdiction and venue of the Court, as applicable, for the resolution of any such disputes, regardless of whether such disputes arose under this Agreement. Each Party agrees that service of process on such Party as provided in Section 14.13 shall be deemed effective service of process on such Party.

14.5 Consequential Damages

Under no circumstance shall any of the Parties, their Representatives or their respective directors, officers, employees or agents be liable for any punitive, exemplary, consequential or indirect damages (including for greater certainty, any loss of profits) (collectively, "Consequential Damages") that may be alleged to result in connection with, arise out of, or relate to this Agreement or the Transaction, other than Consequential Damages for which the Purchaser is liable as a result of a Third Party Claim (which liability shall be subject to and recoverable under Article 8 (Indemnification)). For greater certainty, the Parties

agree that none of the Parties, their respective Affiliates or their respective Representatives shall be liable for any lost profits whatsoever, whether such lost profits are considered to be direct, consequential or indirect losses, and regardless of whether such lost profits were foreseeable by the Parties at any time or whether such lost profits were the direct and natural result of a Party's breach of its obligations under this Agreement.

14.6 Further Assurances

Each of the Parties from and after the date hereof shall, from time to time, and at the request and expense of the Party requesting the same, do all such further acts and things and execute and deliver such further instruments, documents, matters, papers and assurances as may be reasonably requested to complete the Transaction and for more effectually carrying out the true intent and meaning of this Agreement.

14.7 Assignment

The Purchaser shall not, without the Vendor's prior written consent, assign any right or interest in this Agreement, which consent may be withheld in the Vendor's sole and absolute discretion, except that the Purchaser shall have the right to assign any or all of its rights, interests or obligations hereunder to one or more Affiliates of the Purchaser, provided that: (a) such Affiliate agrees to be bound by the terms of this Agreement; (b) the Purchaser shall remain liable hereunder for any breach of the terms of this Agreement by such Affiliate; (c) such assignment shall not release the Purchaser from any obligation or liability hereunder in favour of the Vendor; and (d) the Purchaser shall acknowledge and confirm its continuing obligations in favour of the Vendor in an assignment and assumption agreement in form and substance satisfactory to the Vendor.

14.8 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.

14.9 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.

14.10 Time of the Essence

Time is of the essence in this Agreement.

14.11 Costs and Expenses

Unless otherwise provided for in this Agreement, each Party shall be responsible for all costs and expenses (including the fees and disbursements of legal counsel, bankers, investment bankers, accountants, brokers and other advisors) incurred by it in connection with this Agreement and the Transaction.

Notwithstanding any other provision of this Agreement, the Purchaser shall pay the cost of all surveys, title insurance policies and title reports ordered by the Purchaser.

14.12 Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and cancel and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect to the subject matter hereof. There are no conditions, covenants, agreements, representations, warranties or other provisions, whether oral or written, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof other than those contained in this Agreement.

14.13 Notices

Any notice, direction or other communication given regarding the matters contemplated by this Agreement must be in writing, sent by personal delivery, courier or electronic mail and addressed:

- (a) in the case of the Vendor:

Salt Bush Energy Ltd.
600, 815 - 8th Avenue SW
Calgary, Alberta T2P 3P2

Attention: Bill Smith, Q.C.
Email: bill@smithlawcorp.ca

With a copy to the Vendor's Solicitors:

George Lepine Professional Corporation
438 Edgebrook Grove NW
Calgary, AB T3A 5T4

Attention: George Lepine
Email: george@gvllaw.ca

- (b) In the case of the Purchaser:

Ironbark Energy Ltd.
600, 815 - 8th Avenue SW
Calgary, Alberta T2P 3P2

Attention: David Messina
Email: David.Messina@whitebarkenergy.com

A notice is deemed to be given and received if: (i) sent by personal delivery or courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day; or (ii) email, on the date of transmission if it is a Business Day and the transmission was made prior to 4:00 p.m. (local time in place of receipt), and otherwise on the next Business Day. A Party may change its address for service from time to time by providing a notice in accordance with the foregoing. Any subsequent notice must be sent to the Party at its changed address.

Any element of a Party's address that is not specifically changed in a notice will be assumed not to be changed. **Sending a copy of a notice to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice to that Party. The failure to send a copy of a notice to legal counsel does not invalidate delivery of that notice to a Party.**

14.14 Enurement

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

14.15 Third Party Beneficiaries

Except as otherwise provided for in this Agreement, each Party intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person other than the Parties and their successors and permitted assigns and, except as otherwise provided for in this Agreement, no Person, other than the Parties and their successors and permitted assigns shall be entitled to rely on the provisions hereof in any action, suit, proceeding, hearing or other forum. The Purchaser acknowledges to the Vendor, its Affiliates and their respective Representatives their direct rights against the Purchaser under this Agreement. To the extent required by Applicable Law to give full effect to these direct rights, the Purchaser agrees and acknowledges that the Vendor is acting as agent and/or as trustee of its Representatives, its Affiliates and their respective Representatives.

14.16 Severability

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provision validity or enforceability in any other jurisdiction.

14.17 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by facsimile or other electronic means of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

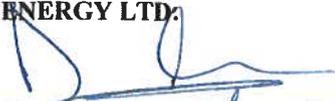
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IN WITNESS WHEREOF this Agreement has been properly executed by the Parties as of the date first above written.

SALT BUSH ENERGY LTD

Per: 
Name: David Messina
Title: President

IRONBARK ENERGY LTD:

Per: 
Name: David Messina
Title: President

Per: _____
Name: _____
Title: _____



SCHEDULE A

Assets Listing

Part 1 – Lands

(attached)

Part 2 – Wells, Facilities, Pipelines and Tangibles

(attached)

MS

SCHEDULE B
Form of Sale Order
(attached)

MS

SCHEDULE C

Form of General Conveyance, Assignment and Assumption Agreement

GENERAL CONVEYANCE, ASSIGNMENT, AND ASSUMPTION AGREEMENT

THIS General Conveyance, Assignment, and Assumption Agreement (this "**Agreement**") is made as of the [●] day of [●], 2021.

AMONG:

SALT BUSH ENERGY LTD. (the "**Vendor**")

- and -

IRONBARK ENERGY LTD., a corporation existing under the laws of Alberta (the "**Purchaser**")

RECITALS:

- A. In accordance with the terms of that certain Asset Purchase and Sale Agreement dated as of February 2, 2021, by and between the Vendor and the Purchaser (the "**Purchase Agreement**"), the Vendor has agreed to sell, assign, and transfer the Assets to the Purchaser and the Purchaser has agreed to purchase the Assets from the Vendor;
- B. the Purchaser has agreed to assume the Assumed Liabilities; and
- C. this Agreement is delivered pursuant to the Purchase Agreement.

NOW THEREFORE, for good and valuable consideration now paid by the Purchaser to the Vendor pursuant to the Purchase Agreement (the receipt and sufficiency of which is hereby acknowledged by the Vendor) the parties hereto agree as follows:

1. Definitions

All capitalized terms used but not otherwise defined in this Agreement shall have the meaning ascribed to such terms in the Purchase Agreement.

2. Certain Rules of Interpretation

- (i) In this Agreement, unless the context requires otherwise, words in one gender include all genders and words in the singular include the plural and vice versa.
- (ii) The division of this Agreement into Sections and the inclusion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.
- (iii) The terms "hereof," "hereunder," and similar expressions refer to this Agreement and not to any particular Section or other portion of this Agreement.
- (iv) Unless something in the subject matter or context is inconsistent therewith, references herein to "Sections" are to sections of this Agreement.

- (v) The language used in this Agreement is the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party.

3. Conveyance

The Vendor hereby sells, transfers, assigns, conveys and delivers to the Purchaser, and the Purchaser hereby purchases, accepts and receives from the Vendor, upon the terms and subject to the conditions of the Purchase Agreement, the Vendor's Interest in and to the Assets, free and clear of any and all Encumbrances of any and every kind, nature, and description, other than Permitted Encumbrances, as applicable, with effect as of the Closing on the date hereof, to have and to hold the Assets and all such right, title, interest, property, claim, and demand unto and to the use of the Purchaser.

4. Assumption of Assumed Liabilities

Effective as of the Closing on the date hereof, the Purchaser hereby assumes and agrees to pay, perform, and discharge, when due, the Assumed Liabilities.

5. Further Assurances

Each of the Parties hereto from and after the date hereof shall, from time to time, and at the request and expense of the Party requesting the same, do all such further acts and things and execute and deliver such further instruments, documents, matters, papers and assurances as may be reasonably requested to complete the Transaction and for more effectually carrying out the true intent and meaning of this Agreement.

6. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta, and the federal laws of Canada applicable therein (excluding any conflict of law rule or principle of such laws that might refer such interpretation or enforcement to the laws of another jurisdiction). The Parties consent to the jurisdiction and venue of the courts of Alberta for the resolution of any such dispute arising under this Agreement.

7. Entire Agreement

This Agreement, the Purchase Agreement, and the documents referred to therein and contemplated thereby constitute the entire agreement between the Parties with respect to the subject matter hereof and cancel and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect to the subject matter hereof. There are no conditions, covenants, agreements, representations, warranties or other provisions, whether oral or written, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof other than those contained in this Agreement, the Purchase Agreement, and the documents referred to therein and contemplated thereby.

8. Successors and Assigns

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

9. Counterparts

This Agreement may be executed in two or more counterparts, each of which will be deemed an original and all of which together will constitute one instrument. Delivery by facsimile or by electronic transmission in portable document format (PDF) of an executed counterpart of this Agreement is as effective as delivery of an originally executed counterpart of this Agreement.

10. Amendments

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. Any amendment effected in accordance with this Section 10 will be binding upon the Parties and their respective successors and permitted assigns.

11. Paramountcy

This Agreement is delivered pursuant to, and is subject to, all of the terms and conditions contained in the Purchase Agreement. In the event of any inconsistency between the provisions of this Agreement and the provisions of the Purchase Agreement, the provisions of the Purchase Agreement shall prevail.

12. Severability

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provision validity or enforceability in any other jurisdiction.

[Signature Page Follows.]



IN WITNESS WHEREOF this Agreement has been properly executed by the Parties as of the date first above written.

SALT BUSH ENERGY LTD.

Per: _____
Name:
Title:

IRONBARK ENERGY LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE D

Form of Bring-Down Certificate

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

RE: Agreement of Purchase and Sale dated February 2, 2021 between the Vendor and the 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 Section [5.1 / 5.2] 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 Transaction.

IN WITNESS WHEREOF I have executed this Certificate this _____ day of _____, 2021.

[Name of Vendor/Purchaser]

Per: _____

Name:

Title:

AS

SCHEDULE E

Excluded Assets

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This is Exhibit "E" referred to in the Affidavit of David Messina
sworn before me by two-way video conference this 3rd day of February, 2021.



A Commissioner for Oaths in and for the Province of Alberta

Nathan A. Stewart
Barrister & Solicitor



Debtor-in-Possession Financing Term Sheet

WHEREAS on January 13, 2021 (the "**Filing Date**"), Salt Bush Energy Ltd. (the "**Borrower**") filed a Notice of Intention to Make a Proposal under and pursuant to Division I of Part III of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"), and Deloitte Restructuring Inc. was approved as the proposal trustee (in such capacity, the "**Proposal Trustee**") of the Borrower;

AND WHEREAS the Borrower has requested that the Lender (as defined hereinafter) provide interim financing to the Borrower during the pendency of the Division I proceedings commenced by the Borrower (the "**NOI Proceedings**");

AND WHEREAS the Borrower intends to seek the approval of this term sheet (the "**Term Sheet**"), as may be amended in accordance with the terms set forth herein, pursuant to an order (the "**Charging Order**") to be obtained from the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "**Court**");

AND WHEREAS in connection with the NOI Proceedings, and the Sale and Investment Solicitation Procedures (the "**SISP**") anticipated to be approved thereunder, Whitebark Energy Ltd. (the "**Lender**") has agreed to provide financing to the Borrower as described in this Term Sheet on and subject to the terms and conditions set forth herein;

NOW THEREFORE, the parties, in consideration of the foregoing and the mutual covenants contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

1.	Borrower	Salt Bush Energy Ltd. The Borrower, as primary obligor, unconditionally guarantees and covenants with the Lender the punctual payment of all amounts owing by the Borrower when due and the performance by the Borrower of all other covenants and obligations arising under or in connection with this Term Sheet and/or the DIP Facility (as defined hereinafter), including but not limited to all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Lender pursuant to this Term Sheet as and when the same become due and payable according to the terms hereof.
2.	Lender	Whitebark Energy Ltd.
3.	Guarantors	There shall not be any guarantors under this Term Sheet.
4.	Facility Type	A senior secured, super-priority, debtor-in-possession, interim, non-revolving credit facility (the " DIP Facility ").

5.	Currency	All references to monetary amounts in this Term Sheet shall be deemed to be references to the lawful currency of Canada.
6.	DIP Facility Amount and Advances	<p>The maximum aggregate principal amount of the DIP Facility is \$150,000, which will be made available to the Borrower in multiple tranches (each an "Advance"), as may be requested by the Borrower at the Borrower's sole discretion.</p> <p>Subject to satisfaction of the conditions precedent set forth in this Term Sheet, Advances shall be provided by the Lender for the purposes set forth in Section 11 herein on no less than two (2) Business Days (as defined hereinafter) prior written notice to the Lender by the Borrower, in a minimum principal amount of at least \$50,000 per Advance. Such written notice shall be deemed to be acceptable to and shall be honoured by the Lender unless the Lender has objected thereto in writing, providing reasons for the objection, by no later than 1:00 p.m. Calgary time on the second Business Day following the delivery of such request.</p> <p>Any unpaid fees and expenses in connection with this Term Sheet shall be deemed to be an Advance under the DIP Facility, and to be secured on the same terms and conditions as the other Advances hereunder.</p> <p>The obligation of the Lender to make Advances hereunder shall be conditional upon the following being met as at the date of the Advance: (i) all representations and warranties of the Borrower contained in this Term Sheet shall remain true and correct in all material respects both before and after giving effect to such Advance; and, (ii) no Event of Default then exists and is continuing or would result therefrom.</p>
7.	Interest Rate	<p>15% <i>per annum</i>.</p> <p>Interest shall not be payable until Maturity but shall be accrued and capitalized and added to the principal amount of the Advance on the last day of each Interest Period (as defined hereinafter).</p> <p>All Advances shall have a rolling interest period (the "Interest Period") of one Month.</p> <p>"Month" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:</p> <p>(a) (subject to paragraph (c) below) if the numerically corresponding day is not a day on which banks are open for business in Alberta (a "Business Day"), that period shall end on the next Business Day in that calendar month in which that</p>

		<p>period is to end if there is one, or if there is not, on the immediately preceding Business Day;</p> <p>(b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and</p> <p>(c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.</p>
8.	Default Interest	Upon and during the continuance of an Event of Default, the applicable rate of interest shall be increased by 2% <i>per annum</i> above the otherwise then applicable rate.
9.	Criminal Interest Rate	<p>The parties shall comply with the following provisions to ensure that the receipt by the Lender of any payment under this Term Sheet does not result in a breach of Section 347 of the <i>Criminal Code</i> (Canada):</p> <p>(a) If any provision of this Term Sheet would obligate the Borrower to make any payment to the Lender of an amount that constitutes "interest" (as such term is defined in the <i>Criminal Code</i> (Canada), and referred to in this section as "Criminal Code Interest"), during any one-year period after the date of funding of an Advance, in an amount or calculated at a rate which would result in the receipt by the Lender of Criminal Code Interest at a criminal rate thereunder (referred to in this section as a "Criminal Rate"), then, notwithstanding such provision, that amount or rate during such one-year period shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not result in receipt by the Lender during such one-year period of Criminal Code Interest at a Criminal Rate; and,</p> <p>(b) Any adjustment under Section 9(a) of this Term Sheet shall be adjusted: (A) first, by reducing the amount or rate of interest required to be paid to the Lender during such one-year period; and, (B) second and thereafter, by reducing any other amounts (other than costs and expenses, if any) required to be paid to the Lender during such one-year period which would constitute Criminal Code Interest.</p>
10.	Pricing and Fees	There shall be no commitment fees or standby fees payable hereunder. The Borrower shall pay the Lender's Permitted Fees and Expenses (as defined hereinafter), pursuant to and in accordance with the terms and conditions of this Term Sheet.

11.	Purposes of the DIP Facility	Subject to the terms and conditions set forth in this Term Sheet, advances are to be made available pursuant to the DIP Facility solely for the operating purposes of the Borrower after the Filing Date, including, without limitation, for the purposes of implementing the NOI Proceedings, the SISP, and any proposal within the NOI Proceedings, and paying the Permitted Fees and Expenses.
12.	Cash Flow Projections	<p>The Borrower shall prepare and update its rolling cash flow forecast (the "Cash Flow Projections") within the NOI Proceedings, as and when required pursuant to the BIA, with the assistance of the Proposal Trustee, and shall provide the Lender with copies of such Cash Flow Projections no later than one (1) Business Day after the respective Cash Flow Projections are provided to the Proposal Trustee.</p> <p>The Borrower shall from time to time, as and when requested by the Lender, prepare and deliver to the Lender updated Cash Flow Projections in form and substance satisfactory to the Lender.</p>
13.	Maturity	<p>All Advances made under the DIP Facility will mature and be fully repayable ("Maturity") on the earliest of:</p> <ul style="list-style-type: none"> (a) the occurrence of any Event of Default which is continuing and has not been cured, provided that the Lender provides written notice in accordance with Section 22 hereof; (b) the date that is six (6) months after the Filing Date or such later date as the Lender may agree in writing; (c) the completion of a sale or sales of all or substantially all of the Borrower's assets, property and undertaking (collectively, the "Property"), pursuant to the SISP, as approved by the Court, regardless of whether such sale or sales shall take the form of the Stalking Horse APA (as defined in the SISP) or a Superior Offer (as defined in the SISP); and, (d) the implementation of a proposal to the Borrower's creditors within the NOI Proceedings, which has been approved by the requisite majorities of the Borrower's creditors, by the Court, and by the Lender hereunder, <p>(each such date being, a "Maturity Date").</p> <p>All amounts outstanding or payable under this Term Sheet (including the principal and all unpaid accrued interest under the DIP Facility and all fees and other amounts required to be paid by the Borrower) shall be due and payable in full (in cash) on the Maturity Date and/or</p>

		on the Acceleration Date (as defined hereinafter), as the case may be (each a "Termination Date").
14.	Illegality	In the event that it is or becomes unlawful in the jurisdiction of the Lender to perform its obligations or to fund or maintain its participation in the DIP Facility, the Lender shall promptly give notice to the Borrower of such illegality, and upon the Lender notifying the Borrower of such illegality, the DIP Facility will be immediately cancelled and all amounts owing to the Lender under the DIP Facility will become immediately due and payable by the Borrower.
15.	Priority of Payments	Any amounts received in repayment of obligations owing under this Term Sheet shall be paid and applied as follows: (i) firstly, towards outstanding Permitted Fees and Expenses (as defined hereinafter); (ii) secondly, towards outstanding interest, costs, fees and expenses payable under this Term Sheet; and (iii) thirdly, towards outstanding principal amounts borrowed under the DIP Facility.
16.	Voluntary Prepayment	<p>Each Advance may be prepaid at any time (including prior to Maturity), in whole or in part (but if in part, by a minimum of \$50,000), on two (2) Business Days' notice to the Lender or such shorter period as the Lender may agree in writing.</p> <p>The Borrower may not prepay any Advance unless the Proposal Trustee provides its written consent to such prepayment. Any amount repaid may not be reborrowed without the written consent of the Lender, in its reasonable discretion.</p>
17.	Security	<p>All debts, liabilities, and obligations of the Borrower under this Term Sheet or the DIP Facility provided herein shall be secured by a super-priority charge (the "DIP Charge") pursuant to and in accordance with the Charging Order to be obtained from the Court, as may be amended with the consent of the Borrower and the Lender, over all of the present and future, real and personal, tangible and intangible property and assets of the Borrower, including without limitation all choses in action, in favour of the Lender, and in priority to all claims, assignments, security interests, trusts, liens, mortgages, charges and encumbrances whatsoever, statutory or otherwise.</p> <p>Notwithstanding any other provision of this term Sheet, it shall not be a breach of the terms and conditions hereunder if an administration charge is granted within the NOI Proceedings that ranks in priority to the DIP Charge.</p>
18.	Permitted Fees and Expenses	"Permitted Fees and Expenses" means, collectively:

		<p>(a) all reasonable and documented fees and expenses of counsel for the Borrower in connection with the DIP Facility and the NOI Proceedings (whether incurred prior to or during the pendency of the NOI Proceedings);</p> <p>(b) all reasonable and documented fees and expenses of counsel to the Lender in connection with the DIP Facility and the NOI Proceedings (whether incurred prior to or during the pendency of the NOI Proceedings); and</p> <p>(c) all reasonable and documented fees and expenses incurred by the Proposal Trustee, in its capacity as proposal trustee under the NOI Proceedings (whether incurred prior to or during the pendency of the NOI Proceedings).</p>
19.	Default	<p>The following events shall constitute events of default (each, an "Event of Default"):</p> <p>(a) if the Borrower fails to pay the Lender when due any amount of principal, interest, fees or other amounts under the DIP Facility or this Term Sheet;</p> <p>(b) if the Borrower defaults in the observance or performance of any other term, covenant or condition in this Term Sheet, and such default is not cured within five (5) business days of being aware of such default;</p> <p>(c) any representation or statement made or deemed to be made by a Borrower in this Term Sheet or any other document delivered by or on behalf of the Borrower under or in connection with the DIP Facility is or proves to have been incorrect or misleading in any material respect when made or deemed to be made;</p> <p>(d) if the NOI Proceedings are terminated or dismissed or the stay of proceedings against the Borrower thereunder is lifted to permit the enforcement of any security against the Borrower or the Property, the appointment of a receiver, interim receiver, receiver-manager, or similar person, an assignment in bankruptcy, or the making of a bankruptcy order or receivership order against or in respect of the Borrower, in each case which order is not stayed pending appeal thereof, and other than in respect of a non-material asset not required for the operation of the Borrower's business;</p> <p>(e) if this Term Sheet is modified without the express prior written consent of the Lender, in its sole and absolute discretion;</p>

		<p>(f) if any order is granted limiting, modifying, or dismissing the Stalking Horse APA (as defined in the SISP), other than in accordance with the terms of the SISP;</p> <p>(g) it is or becomes unlawful for the Borrower to perform any of its obligations under the DIP Facility;</p> <p>(h) if (a) the Charging Order is varied without the consent of the Lender or any other order is made within or affecting the NOI Proceedings which is or may be prejudicial to the Lender's interests, acting reasonably; or, (b) the Charging Order is appealed or leave to appeal the Charging Order is granted; or</p> <p>(i) if a receiver, receiver manager, or other similar person is appointed over any Property of the Borrower or any judgment or order or process of any court becomes enforceable against the Borrower or any creditor takes possession of any Property of the Borrower, in each case, other than in respect of a non-material asset not required for the operation of the Borrower's business,</p> <p>provided, however, that: (i) the receipt, acceptance, or approval, of a Superior Offer or the Stalking Horse APA (as such terms are defined in the SISP); (ii) any other action taken by the Borrower or the Proposal Trustee in accordance with the terms and conditions of the SISP; and, (iii) the granting of an administration charge within the NOI Proceedings, shall not constitute an Event of Default under this Term Sheet.</p>
20.	Covenants	<p>The following undertakings in shall remain in force from the date of this Term Sheet for so long as any amount is outstanding under the DIP Facility:</p> <p>(a) The Borrower is to comply with any and all orders granted within the NOI Proceedings;</p> <p>(b) The proposal trustee within the NOI Proceedings shall remain Deloitte Restructuring Inc.;</p> <p>(c) The Borrower will take all actions necessary or available to defend the Charging Order or any approval of the SISP or Stalking Horse APA (as defined in the SISP) from any appeal, reversal, modifications, amendment, stay, or vacating, unless expressly agreed to in writing in advance by the Lender in its reasonable discretion;</p> <p>(d) The Borrower is to provide the Lender with notice of any material developments in respect of any material notices, orders, decisions, letters, court materials, or other</p>

		<p>documents, materials, information, or correspondence received from any regulatory authority having jurisdiction over the Borrower, including the Alberta Energy Regulator;</p> <p>(e) Provision to the Lender of all material documents dispatched by the Borrower to its creditors generally (including pursuant to the NOI Proceedings) or filed with the Court, within three (3) Business Days of such dispatch or filing;</p> <p>(f) The Borrower is to obtain, comply with and take all necessary or desirable steps to maintain all of its authorizations and licences in full force and effect;</p> <p>(g) The Borrower is to comply in all material respects with all laws to which each Borrower may be subject which may reasonably be anticipated to affect the NOI Proceedings, the SISP, this Term Sheet, the DIP Facility, or any of the obligations of the Borrower hereunder, except to the extent not required to do so pursuant to any order of the Court;</p> <p>(h) The Borrower will notify the Lender promptly in writing of the occurrence of any Event of Default hereunder or any other event or circumstance that may materially affect the Borrower's business; and,</p> <p>(i) The Borrower shall not enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any Property unless any such transfer and/or disposal is undertaken in accordance with the BIA, the SISP, and any orders granted within the NOI Proceedings; provided, however, that the Borrower may sell, lease, transfer or otherwise dispose of Property in the ordinary course of its business to the extent that same is permitted under the BIA and the terms of any order granted within the NOI Proceedings. For greater certainty, and without limiting the generality of the foregoing, the Borrower may enter into an agreement to sell, lease, transfer or otherwise dispose of any Property, pursuant to a Superior Offer or the Stalking Horse APA (each as defined in the SISP), without the consent of the Lender hereunder.</p>
21.	Representations and Warranties	<p>The Borrower represents and warrants to the Lender, upon which the Lender is relying in entering into this Term Sheet, that:</p> <p>(a) The transactions contemplated by this Term Sheet will be, upon the granting of the Charging Order: (A) within the powers of the Borrower; (B) duly executed and delivered by or on behalf of the Borrower; (C) constitute legal, valid, and binding obligations of the Borrower, enforceable against the</p>

		<p>Borrower in accordance with their terms; and, (D) do not require any material authorization from, consent or approval of, registration or filing with, or any other action by, any governmental authority or any third party;</p> <p>(b) The Borrower is duly formed and is validly existing under the laws of the Province of Alberta; and,</p> <p>(c) No Event of Default has occurred which is continuing as of the date of execution hereof (except for any Event of Default which will be cured automatically upon the granting of the Charging Order in accordance with the terms and conditions of this Term Sheet),</p> <p>and the Borrower expressly disclaims any other representation or warranty, and the Lender acknowledges and accepts such disclaimer.</p>
22.	Remedies	<p>Upon the occurrence of an Event of Default, and subject to the BIA and any orders issued within the NOI Proceedings:</p> <p>(a) the Lender may immediately terminate the DIP Facility and cancel all commitments hereunder, and shall have no obligation to make any further Advances;</p> <p>(b) the Lender may declare that all or part of the DIP Facility (or any of the Advances, or any portion thereof, at the sole discretion of the Lender), together with accrued interest, and any or all other amounts accrued or outstanding under this Term Sheet be immediately due and payable, whereupon they shall become immediately due and payable; and/or</p> <p>(c) upon seeking an order of the Court on five (5) days prior notice, the Lender may enforce, without further notice, demand or delay, all of its rights and remedies against the Borrower and its Property including, without limitation, by way of appointment of a receiver or receiver and manager.</p> <p>The date on which the Lender gives notice to the Borrower pursuant to Section 20(b) of this Term Sheet is referred to as, the "Acceleration Date".</p> <p>No failure to exercise, nor any delay in exercising, on the part of the Lender, any right or remedy under this Term Sheet and/or the DIP Facility (or any part thereof) shall operate as a waiver of any such right or remedy or constitute an election to affirm any part of the DIP Facility. No election to affirm the DIP Facility on the part of the Lender shall be effective unless it is in writing. No single or partial exercise of any right or remedy by the Lender shall prevent any further or other exercise or the exercise of any other right or remedy by the Lender. The rights and remedies provided in this Term Sheet and/or any other document entered into in connection with the DIP Facility are</p>

		cumulative and not exclusive of any rights or remedies provided by law, including the rights of a secured party under the <i>Personal Property Security Act</i> (Alberta), or any federal, provincial, territorial or other legislation of similar effect.
23.	Conditions Precedent	<p>The Borrower shall not be entitled to request any Advance under the DIP Facility unless the following conditions have been satisfied (or waived in writing by the Lender):</p> <ul style="list-style-type: none"> (a) The Borrower shall have executed and delivered this Term Sheet; (b) The Borrower shall be acting in accordance with the SISP; (c) The Borrower shall have obtained the Charging Order on terms acceptable to the Lender (acting reasonably), including: (i) authorizing the Borrower to enter into and authorizing the Borrower perform its obligations under this Term Sheet; and (ii) granting the Lender a super-priority charge over all of the Borrower's Property, subject only to any administration charge that may be granted within the NOI Proceedings; (d) The Charging Order shall remain in effect and shall not have been stayed, vacated, or otherwise amended, restated, or modified in respect of any amendment, without the written consent of the Lender; (e) There shall be no liens ranking in priority to the Lender's charge under the DIP Facility except in accordance with the terms hereof; (f) The approval by the Lender of the Borrower's Cash Flow Projections in respect of a period for not less than 12 weeks after the proposed date of the Advance; (g) A copy of any other authorization or other document which the Lender considers to be necessary or desirable, acting reasonably (if it has notified the Borrower accordingly in writing), in connection with the entry into and performance of the transactions contemplated by the DIP Facility or for the validity and enforceability of the DIP Facility or any element hereof; provided, however, that the Lender shall not require the Borrower to deliver any legal opinions, security opinions, or similar documents in connection with this Term Sheet; and (h) Evidence that the fees, costs and expenses due from the Borrower pursuant to Section 28 have been paid or will be paid by the date of each Advance.

		The Lender acknowledges that it has waived any requirement to obtain a copy of a resolution of the board of directors of the Borrower approving the terms of this DIP Facility and authorizing relevant signatories to execute this Term Sheet on behalf of the Borrower.
24.	Repayment Upon SISP Completion	<p>For greater certainty, if the Maturity Date occurs upon completion of a sale or restructuring transaction pursuant to the SISP, as described in Sections 13(c) and 13(d) of this Term Sheet, and notwithstanding whether such sale or restructuring transaction shall take the form of the Stalking Horse APA (as defined in the SISP) or otherwise, the DIP Facility, all Advances, and all obligations secured pursuant to the DIP Charge shall be immediately due and repayable in full, and the Borrower must repay the DIP Facility, in full and in cash, from a portion of the cash consideration under such transaction, promptly upon the receipt by the Borrower of such cash consideration.</p> <p>Without the consent of the Lender in its sole and absolute discretion, no Court Order sanctioning a sale transaction or proposal in respect of the Borrower shall discharge or otherwise affect in any way the DIP Facility or the obligations secured pursuant to the DIP Charge, other than after the permanent and indefeasible payment in cash to the Lender of the DIP Facility and all Advances on or before the date such sale transaction or proposal is implemented.</p>
25.	Indemnity / Releases	The Borrower agrees that it will indemnify and hold harmless the Lender, and its subsidiaries and affiliates, and their respective officers, directors, employees, agents and advisors from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted against such entity or individual in connection with this Term Sheet, the DIP Facility or any of the transactions contemplated hereby, except to the extent any of the foregoing results from the gross negligence or willful misconduct of such entity or individual as determined by a final judgment of a court of competent jurisdiction.
26.	Assignment	This Term Sheet, and the rights and obligations hereunder, may not be assigned by the Borrower, or by the Lender, to any other person without the prior written consent of both the Borrower and the Lender, and only in accordance with an order of the Court.
27.	Amendment, Severability, and Entire Agreement	This Term Sheet may only be amended in writing, with the consent of each of the Lender and the Borrower, and any such amendment shall only become effective upon the approval of the Court. If the Lender and the Borrower agree to any amendments to this Term Sheet, the Borrower shall file an application with the Court within five

		<p>(5) Business Days, or such other period as the Lender may agree in writing, seeking the approval of such amendment.</p> <p>This Term Sheet, including any other documents delivered in connection with this Term Sheet, constitute the entire agreement between the parties relating to the subject matter hereof.</p> <p>If any provision in this Term Sheet is prohibited or unenforceable in any jurisdiction it shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.</p>
28.	Fees and Expenses	<p>Without prejudice to Section 18 and/or 25, the Borrower shall be responsible for all reasonable costs, fees and expenses incurred by the Lender in connection with the negotiation, preparation and administration of this Term Sheet and any enforcement of the DIP Charge including, without limitation, all court attendances in connection therewith (collectively, the "Lender Expenses"). All such Lender Expenses shall be added to the DIP Facility and be secured by the DIP Charge. At the Lender's option, accrued and unpaid Lender Expenses may be paid in full through deduction from any Advance.</p>
29.	Evidence of Indebtedness	<p>The Lender's accounts and records shall constitute, in the absence of manifest error, <i>prima facie</i> evidence of the indebtedness of the Borrower to the Lender pursuant to the DIP Facility. Any determination as to manifest error will be made by the Court unless the Lender and the Borrower agree otherwise.</p>
30.	Further Assurances	<p>The Borrower shall, at its expense, from time to time, do, execute, and deliver, or cause to be done, executed, or delivered, all such further acts, documents and things as the Lender may reasonably request for the purpose of giving effect to this Term Sheet; provided, however, that the Lender shall not require the Borrower to deliver any legal opinions, security opinions, or similar documents in connection with this Term Sheet.</p>
31.	Governing Law / Jurisdiction	<p>This Term Sheet shall be governed by the laws of the Province of Alberta and the federal laws of Canada applicable therein. The parties hereby attorn to the non-exclusive jurisdiction of the Court.</p>
32.	Counterparts	<p>This Term Sheet may be executed and delivered by the parties in separate counterparts, and each of such counterparts when so executed and delivered shall be deemed to be an original and such counterparts together shall constitute one and the same instrument. Delivery of an executed copy of this Term Sheet or any counterpart</p>

		to any party may be by facsimile, registered mail, courier, or by email in PDF format.
33.	Miscellaneous	<p>No person other than the Borrower and the Lender is entitled to rely upon this Term Sheet, and the parties hereto expressly agree that this Term Sheet does not confer rights upon any other person.</p> <p>The parties hereto confirm that this Term Sheet and all related documents have been drawn up in the English language at their request. <i>Les parties aux présentes confirment que le présent acte et tous les documents y relatifs furent rédigés en anglais à leur demande.</i></p>



The offer of financing constituted by this Term Sheet is open for acceptance by the execution by the Borrower and return of a duplicate copy by 5:00 p.m. (Calgary time) on February 15, 2021, after which date this offer will expire and this Term Sheet shall be of no further force or effect.

Yours truly,

WHITEBARK ENERGY LTD.

Per: _____

Name:

Title:

I have authority to bind the corporation.

A handwritten signature, possibly "JL", is enclosed within a hand-drawn circle in the bottom right corner of the page.

Accepted this ____ day of February, 2021.

SALT BUSH ENERGY LTD.

By: _____

Name:

Title:

A handwritten signature, possibly initials, enclosed within a hand-drawn circle.

Clerk's Stamp

COURT FILE NUMBER 25-2703459

COURT COURT OF QUEEN'S BENCH OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *BANKRUPTCY
AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3,
AS AMENDED

AND IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF SALT
BUSH ENERGY LTD.

DOCUMENT **AFFIDAVIT OF DAVID MESSINA**

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT

McCARTHY TÉTRAULT LLP
Barristers & Solicitors
Sean Collins / Nathan Stewart
Suite 4000, 421 - 7 Avenue S.W.
Calgary, AB T2P 4K9
Phone: 403-260-3531 / 3534
Fax: 403-260-3501
Email: scollins@mccarthy.ca /
nstewart@mccarthy.ca

AFFIDAVIT OF DAVID MESSINA
Sworn February 3, 2021

I, David Messina, of the City of Perth, in the State of Western Australia, Australia, MAKE OATH AND SAY THAT:

1. I am a director of Salt Bush Energy Ltd. (the "**Debtor**"). I have 10 years of experience in the oil and gas industry and 25 years at the executive level in various private and public companies. Additionally, I have reviewed the books and records maintained by and in the possession of the Debtor, in the ordinary course of business. Based on the aforementioned and upon such review, I have personal knowledge of the facts and matters hereinafter sworn to, except where stated to be based on information and belief, in which case, I believe such information to be true.



2. I swear this affidavit in support of an application (the "**Application**") by the Debtor for an Order granting, among other things, the following relief:

- (a) deeming service of the Application to be good and sufficient;
- (b) extending the period within which the Debtor may file a proposal (the "**Filing Period**") by 45 days, up to and including March 29, 2021, or such other date as this Honourable Court may order;
- (c) authorizing and empowering the Debtor and the Proposal Trustee (as defined below) to implement the SISP (as defined below);
- (d) granting the Debtor and the Proposal Trustee (as defined below) leave to apply to this to this Honourable Court to amend, vary, or seek advice, directions, or the approval of any transactions, in connection with the SISP;
- (e) authorizing and empowering the Debtor, *nunc pro tunc*, to enter into, execute, and deliver the Stalking Horse APA (as defined below);
- (f) approving the draft Interim Financing Term Sheet (as defined below) and authorizing the Debtor to obtain an interim financing facility thereunder (the "**Interim Financing Facility**"), permitting the Debtor to obtain advances in the maximum aggregate amount of \$150,000, to allow the Debtor to satisfy its future expenses in connection with its ongoing operations during the Filing Period and the within proceedings;
- (g) granting the following charges against the Debtor's current and future assets, undertakings and properties of every kind and nature whatsoever, and wherever situate including all proceeds thereof (collectively, the "**Property**"), for the purpose of securing the payment and performance of:
 - (i) the Debtor's obligations outstanding from time to time in connection with the Interim Financing Facility (the "**Interim Financing Charge**");
 - (ii) the Debtor's obligations in connection with the Break Fee and Expense Reimbursement (as defined below) (the "**Break Fee Charge**"); and,



- (iii) the fees and expenses of the Debtor's counsel, the Proposal Trustee, and the Proposal Trustee's counsel, in connection with the within proceedings (the "**Administration Charge**", the Interim Financing Charge, the Administration Charge and the Break Fee Charge are collectively referred to as, the "**Charges**").
 - (h) declaring that the Charges rank in priority to all existing liens, security interests, encumbrances, or claims, with respect to, concerning, or as and against all of the Debtor's Property;
 - (i) authorizing the Debtor to pay the reasonable fees and disbursements of the Proposal Trustee, the Proposal Trustee's counsel, and the Debtor's counsel; and,
 - (j) such further and additional relief as may be sought by the Debtor and approved by this Honourable Court,
- (collectively, the "**Relief Sought**").

Background

3. The Debtor is a wholly-owned subsidiary of Whitebark Energy Ltd. ("**Whitebark**"). Whitebark is a reporting issuer listed on the Australian Securities Exchange, and is engaged in the business of oil and gas exploration and production. Whitebark conducts operations in Canada and Western Australia through its subsidiaries, including the Debtor.

4. The Debtor is an oil and gas exploration and production company based in the City of Calgary, and conducts business within the Province of Alberta. Specifically, the Debtor is engaged in the business of operating working interests in the Wizard Lake Oil Field, located approximately fifty (50) kilometers southwest of the City of Edmonton. The Debtor is a Named Alberta Corporation and its registered and records office is located at 600, 815 - 8th Avenue SW, Calgary, Alberta, T2P 3P2.

5. Now shown to me and marked as Exhibit "**A**" to this, my Affidavit, is a copy of the Alberta Corporate Registry search results with respect to the Debtor, dated as of January 07, 2021.

6. The Debtor was incorporated in 2017 for the purpose of pursuing opportunities in the Canadian oil and gas industry, and was initially successful in that endeavour. During the period of



2019-2020, the Debtor drilled three (3) wells in the Wizard Lake Oil Field, constructed accompanying facilities and pipelines, and conducted various repair and upgrade programs with respect to its assets.

7. More recently, the Debtor has faced significant liquidity constraints as a result of various factors, including recent declines in oil prices. The Debtor has made substantial capital expenditures in connection with its Wizard Lake Oil Field assets, and believes that there is value in such assets, but production has not yet matched expenditures. Accordingly, in January 2021, Whitebark informed the Debtor that it is no longer willing to fund the Debtor's ongoing operations in the ordinary course, absent a resolution of the aforementioned issues.

8. On January 13, 2021 (the "**Filing Date**"), the Debtor filed a Notice of Intention to Make a Proposal (the "**NOI**") under and pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"). Deloitte Restructuring Inc. was appointed as the proposal trustee (the "**Proposal Trustee**") in the Debtor's NOI proceedings (the "**NOI Proceedings**").

Extension of Filing Period

9. The period within which the Debtor has to file its proposal expires on February 12, 2021.

10. Since the commencement of the NOI Proceedings, the Debtor has been diligently pursuing activities aimed at the presentation of a proposal and the restructuring of its going concern business. Such activities include:

- (a) preparing and analyzing the list of creditors;
- (b) providing the Proposal Trustee with access to the Debtor's premises, property, and books and records;
- (c) working with the Proposal Trustee and counsel to engage with creditors and answer creditor inquiries regarding the NOI Proceedings, and engaging with creditors and stakeholders generally, to address concerns that have been raised since the lodging of the NOI;
- (d) working with the Proposal Trustee and counsel to prepare a cash flow projection, and to identify issues with respect to the financial condition of the Debtor and the status of its creditors;



- (e) engaging in discussions with the Proposal Trustee and Whitebark with respect to the development of the SISP and the Stalking Horse APA, further particulars of which are set out below;
- (f) advising the Alberta Energy Regulator (the "AER") of the filing of the NOI;
- (g) engaging with the Proposal Trustee and Whitebark to identify the quantum of required financing during the Projection Period (as defined below), pursuant to the Debtor's cash flow statements, and with Whitebark with respect to the negotiation and development of the Interim Financing Term Sheet; and,
- (h) responding to inquiries from various creditors regarding the status of the NOI Proceedings.

11. The Debtor is committed to ensuring that a transaction occurs to maintain its business (albeit in a restructured form) through the Stalking Horse APA, and to maximizing value for its creditors and other stakeholders through the proposed SISP. In order to continue to work towards the formulation and filing of a proposal, as further discussed below, the Debtor requires an extension of the period within which the it may file a proposal, pursuant to section 50.4(9) of the BIA.

12. Now shown to me and attached hereto as Exhibit "B" to this, my Affidavit, is a true copy of the Debtor's cash flow projection to the week ending April 08, 2021 (the "CFF"). The CFF projects that the Debtor will require approximately \$80,000 in interim financing to meet its post-filing obligations up until April 08, 2021 (such period being, the "Projection Period"). The Debtor has drafted the SISP so as to conclude shortly after this date, and the Interim Financing Term Sheet contemplates additional availability up to the amount of \$150,000, should it be required.

13. If the Interim Financing Facility is approved, the Debtor projects having sufficient cash flow to meet its obligations during the entirety of the Projection Period. For clarity, the Debtor does not anticipate that it will have sufficient liquidity unless the Interim Financing Facility is approved. As set out in the CFF, the Debtor will otherwise face an operating shortfall.

14. While the Stalking Horse APA contemplates an asset transaction, the SISP is designed to permit both sale offers and restructuring offers to be made by any person to the Debtor. This preserves the ability of an interested party to make a Superior Offer (as defined in the SISP) to the Debtor that would be implemented by way of a proposal under the BIA. The Stalking Horse



APA creates certainty that a transaction will result from the SISP, but does not prevent a viable proposal from being completed under the BIA.

15. Accordingly, I verily believe that the Debtor has acted and is acting in good faith and with due diligence and that if the Relief Sought is granted:

- (a) the Debtor will likely be able to make a viable proposal if a Superior Offer is advanced by way of a restructuring bid; and,
- (b) no creditor will be materially prejudiced.

Implementation of the SISP and Approval of the Stalking Horse APA

16. The Debtor has, in consultation with the Proposal Trustee, developed the Sale and Investment Solicitation Procedures ("**SISP**"). Now shown to me and attached as Exhibit "**C**" to this, my Affidavit, is a true copy of the SISP.

17. The SISP contemplates that the Debtor's Property will be marketed in an open and transparent manner by the Proposal Trustee. The purpose of the SISP is to canvas the market for a Superior Offer (as defined in the SISP), which as described above, may take the form of a restructuring or refinancing offer, or an asset sale.

18. The SISP contemplates a two-phase process. The first phase will consist of a marketing and bid solicitation phase ("**Phase 1**"), followed by a determination by the Proposal Trustee as to whether any Qualified Bids (as defined in the SISP) have been submitted. If there are any Qualified Bids at the conclusion of Phase 1, the Proposal Trustee shall extend invitations to Qualified Bidders (as defined in the SISP) and the Stalking Horse Purchaser (as defined below) to attend an auction process (the "**Phase 2 Auction**"). Upon completion of the Phase 2 Auction, the Proposal Trustee will determined whether a Superior Offer has been received.

19. The SISP contemplates the following milestone deadlines:

- (a) the SISP will be commenced on February 15, 2021 (the "**SISP Commencement Date**"), by the Proposal Trustee preparing, in consultation with the Debtor, a list of known potential strategic and financial bidders;



- (b) the Phase 1 bid deadline, for the delivery of offers, shall conclude at 5:00 p.m. (Calgary time) on April 16, 2021 (the "**Bid Deadline**"), being 60 days after the SISP Commencement Date;
- (c) the Proposal Trustee shall extend invitations to all Qualified Bidders (as defined in the SISP) to attend the Phase 2 Auction on the third business day after the Bid Deadline;
- (d) the Phase 2 Auction shall be held no earlier than five (5) Business Days after the Phase 1 Bid Deadline, and no later than April 28, 2021; and,
- (e) the contemplated completion date, for the closing of any transaction arising out of the SISP, is May 17, 2021.

20. Accordingly, the SISP is contemplated to run for a total of 91 days from the date of commencement to the date of completion of a transaction, in accordance with the terms thereof.

21. Pursuant to the terms of the Interim Financing Term Sheet, the winning bid under and pursuant to the SISP must provide for the repayment, in full and in cash, of all outstanding amounts under the Interim Financing Facility.

22. As contemplated by the SISP, the Debtor seeks approval, *nunc pro tunc*, to enter into, execute, and deliver, the Asset Purchase Agreement, dated February 2, 2021 (the "**Stalking Horse APA**"), between the Debtor and Ironbark Energy Ltd. (the "**Stalking Horse Purchaser**"). Now shown to me and attached as Exhibit "**D**" to this, my Affidavit, is a true copy of the Stalking Horse APA.

23. The Stalking Horse Purchaser is a wholly-owned Canadian subsidiary of Whitebark and is thus related to the Debtor. The Stalking Horse APA, if ultimately determined to be the winning bid in accordance with the SISP, will constitute a non-arm's length transaction. The Stalking Horse APA contemplates the following:

- (a) the Stalking Horse Purchaser shall purchase, be assigned, and acquire from the Debtor the Assets (as defined in the Stalking Horse APA); and,
- (b) as consideration for the Assets:



- (i) the Stalking Horse Purchaser shall pay, in cash, the Cure Costs (as defined in the Stalking Horse APA);
- (ii) the Stalking Horse Purchaser shall pay, in cash, an amount sufficient to satisfy any amounts owing under the Administrative Charge (if such Administration Charge is granted) at the time of closing;
- (iii) the Stalking Horse Purchaser shall deliver an irrevocable direction from Whitebark Energy Ltd. to the Debtor and the Proposal Trustee providing that any dividends or similar distributions that Whitebark Energy Ltd. is entitled to receive in the NOI Proceedings be distributed for the benefit of all of the Debtor's unsecured creditors other than Whitebark Energy Ltd. (the "**Direction**"); and
- (iv) the Stalking Horse Purchaser shall pay, in cash, the amount of \$336,000, net of any amounts paid to satisfy the Cure Costs and Administration Charge.

24. Whitebark holds approximately 82.5% of the Debtor's unsecured obligations. The inclusion of the Direction concept in the Stalking Horse APA is thus intended to reduce the amount of cash consideration required on closing, without prejudicing the recoveries of any of the Debtor's other creditors with respect to the total value available under the Stalking Horse APA.

25. By way of example, if the Stalking Horse Purchaser tendered a bid in the amount of \$100, and assuming that there are no secured creditors, Whitebark would (subject to the evaluation of its claim by the Proposal Trustee and various related matters) ordinarily be entitled to a dividend of \$82.50, and the other creditors of the Debtor would receive \$17.50. Instead of paying that \$100, under the structure proposed in the Stalking Horse APA, the Stalking Horse Purchaser would simply pay \$17.50, and the Whitebark dividend would also be distributed to the unsecured creditors. The net result is thus the same as if a greater amount had been paid in cash.

26. The Debtor has determined that the total value of the Stalking Horse APA, inclusive of the cash portion of the Purchase Price and the Direction for the benefit of the Company's unsecured creditors (and accounting for the payment of the Interim Lender's Charge from the cash portion of the Purchase Price), will be approximately \$2,000,000. The SISP provides that only the Stalking Horse Purchaser may deliver a Direction as part of its bid, and any other Qualified Bid



(as defined in the SISP) must provide for cash consideration and the repayment in full of the amounts outstanding under the Interim Financing Facility upon closing of such Qualified Bid.

27. I understand that the Assumed Liabilities, to be assumed by the Stalking Horse Purchaser pursuant to the Stalking Horse APA, will include, collectively, all liabilities and obligations arising from the possession, ownership and/or use of the Assets following closing, along with Environmental Liabilities, Abandonment and Reclamation Obligations and Cure Costs (all as defined in the Stalking Horse APA).

28. The Stalking Horse APA contains certain protections for the Stalking Horse Purchaser, including:

- (a) reimbursement of the reasonable expenses of the Stalking Horse Purchaser made in connection with the Stalking Horse APA and the SISP, to the maximum amount of \$25,000; and,
- (b) if a Superior Offer is selected, the payment to the Stalking Horse Purchaser of a break fee in the amount of \$50,000,

(collectively, the "**Break Fee and Expense Reimbursement**").

29. The Stalking Horse APA contemplates that the Break Fee and Expense Reimbursement shall be secured by a charge (the "**Break Fee Charge**"), in the maximum aggregate amount of \$75,000, in favour of the Stalking Horse Purchaser, to secure the payment and performance of the Debtor's obligations in connection with the Break Fee and Expense Reimbursement.

30. The Stalking Horse APA is binding on the Stalking Horse Purchaser and conditional on obtaining Court approval of: (i) the Stalking Horse APA; and, (ii) the vesting of the Assets in the name of the Stalking Horse Purchaser, free and clear of all claims, liens, and encumbrances other than the Assumed Liabilities. Furthermore, the Stalking Horse APA automatically terminates upon a Superior Offer being completed pursuant to and in accordance with the SISP.

31. By entering into the Stalking Horse APA, in conjunction with the commencement of the SISP, the Stalking Horse APA provides the Debtor with a binding and definitive agreement, in the event that no Superior Offer arises, which will provide a means by which the Debtor will be able to successfully restructure its business and continue such business as a going concern, albeit under the control and possession of the Stalking Horse Purchaser.



32. Upon completing the SISP, the Debtor intends to seek: (i) approval of the vesting and transfer of the Assets to the Stalking Horse Purchaser, substantially in accordance with the terms of the Stalking Horse APA; or, should a Superior Offer arise, (ii) approval of the Superior Offer and any corresponding agreement and the vesting of the property, as contemplated therein.

33. Because the Stalking Horse APA is with a related party, the Proposal Trustee has the sole authority to administer the SISP (including the sole authority to receive communications from bidders in connection with the SISP, unless the Proposal Trustee expressly directs otherwise) and to determine: (i) at the completion of Phase 1, whether a Qualified Bid has been made; and, if one or more Qualified Bids have been made, (ii) at the completion of the Phase 2 Auction, whether a Superior Offer has been made in accordance with the terms of the SISP. If, after the conclusion of the Phase 2 Auction, the Proposal Trustee determines that a Superior Offer has been made, the Debtor will be obligated to proceed with such Superior Offer in accordance with the terms of the SISP. If no Superior Offer is received, the Debtor will be obligation to proceed with the Stalking Horse APA in accordance with the terms of the SISP.

34. The SISP contemplates that the Proposal Trustee will engage in the marketing of the Assets. Among other things: (i) the Proposal Trustee shall market the Debtor's Property in the Globe and Mail, National Edition; the BOE Report; and, the Daily Oil Bulletin; (ii) the Debtor and the Proposal Trustee shall work to compile a list of known potential strategic and financial bidders (the "**Known Potential Bidders**"); (iii) the Proposal Trustee will give notice of the SISP to the Known Potential Bidders; and, (iv) the Proposal Trustee, with the assistance of the Debtor, shall compile a virtual data room (the "**VDR**") and make the VDR available to interested parties, including the Stalking Horse Purchaser.

35. Upon conclusion of the 60-day Phase 1 due diligence and bidding period, the Debtor believes that the market for an alternative transaction to the Stalking Horse APA will have been properly and appropriately canvassed through the SISP.

Interim Financing Facility

36. As described above, the Debtor does not project to have sufficient cash flow to meet its obligations during the Filing Period, absent the approval of the Interim Financing Facility. The Debtor accordingly seeks approval of the draft Debtor-in-Possession Financing Term Sheet (the "**Interim Financing Term Sheet**") between the Debtor, as borrower, and Whitebark (in this capacity and if so approved, the "**Interim Lender**"), as lender, and authorization to obtain the



Interim Financing Facility thereunder. Attached hereto and marked as Exhibit "E" to this my Affidavit, is a true copy of the Interim Financing Term Sheet.

37. The Interim Lender has indicated that, absent the approval an interim financing charge and the priority accorded thereunder, it is not willing to finance the Debtor's operations.

38. The Debtor seeks approval of advances up to the amount of \$150,000 under the Interim Financing Facility, and a corresponding Interim Financing Charge over the Property, to fund the Debtor's expenses during the Projection Period. The Interim Financing Term Sheet contemplates the following material terms:

Borrower	Salt Bush Energy Ltd. (in this capacity and if so approved, the " Borrower ")
Lender	Whitebark Energy Ltd. (in this capacity and if so approved, the " Lender ")
Interim Financing Facility Amount and Advances	The maximum aggregate principal amount of the Interim Financing Facility is \$150,000, which will be made available to the Borrower in multiple tranches (each an " Advance "), as may be requested by the Borrower at the Borrower's sole discretion. The minimum principal amount of each Advance shall be at least \$50,000.
Interest	15% <i>per annum</i> . Upon and during the continuance of an Event of Default, the applicable rate of interest shall be increased by 2% <i>per annum</i> above the otherwise then applicable rate.
Pricing and Fees	No standby fee or commitment fee shall be chargeable.
Purposes	Advances are to be made available pursuant to the Interim Financing Facility solely for the operating purposes of the Borrower after the Filing Date, including, without limitation, for the purposes of implementing the NOI Proceedings, the SISP, and any proposal within the NOI Proceedings, and paying the Permitted Fees and Expenses (as defined in the Interim Financing Term Sheet.



Maturity	All Advances made under the Interim Financing Facility will mature and be fully repayable on the earliest of: (a) the occurrence of any Event of Default which is continuing and has not been cured, provided that the Lender provides written notice to the Borrower; (b) the date that is six (6) months after the Filing Date or such later date as the Lender may agree in writing; (c) the completion of a sale or sales of all or substantially all of the Borrower's assets, property and undertaking, pursuant to the SISP, as approved by the Court, regardless of whether such sale or sales shall take the form of the Stalking Horse APA or a Superior Offer; and, (d) the implementation of a proposal to the Borrower's creditors within the NOI Proceedings.
Repayment	The Interim Financing Facility must be repaid in full upon closing of a sale or restructuring transaction pursuant to the SISP, from a portion of the cash consideration thereunder.

39. I believe that the Interim Financing Term Sheet is fair and reasonable in the circumstances, having regard to, among other things: (a) the length of the Filing Period; (b) the timelines provided for in the SISP; (c) how the Debtor's business and financial affairs are to be managed during these NOI Proceedings and the SISP process; (d) the likelihood that the Interim Financing Facility will enhance the prospects of a viable proposal to the Debtor's creditors; and, (e) the Debtor's cash flow projections as set out in the CFF.

Administration Charge

40. The Debtor requests that this Honourable Court grant a charge in favour of the Debtor's counsel, Proposal Trustee and the Proposal Trustee's counsel, to secure the payment of fees and expenses incurred in connection with the NOI Proceedings, in priority to existing creditors of



the Debtor (including secured creditors). The services of such persons will be necessary in order to effect the completion of the SISP and the restructuring of the Debtor as a going concern. Accordingly, the Debtor seeks an Administration Charge in the amount of \$150,000. The Debtor has sought and obtained guidance from the Proposal Trustee in proposing this amount.

41. I believe that the quantum of the proposed Administration Charge is fair and reasonable in light of the number of beneficiaries, the size and complexity of the business, and the complexity of the proposed re-structuring.

Priority of Charges

42. The Debtor proposes the following priority in respect of the Charges:

- (a) **First** - Administration Charge (to the maximum amount of \$150,000);
- (b) **Second** - Interim Financing Charge (to the maximum amount of \$150,000); and,
- (c) **Third** - Break Fee Charge (to the maximum amount of \$75,000).

Conclusion

43. I make this affidavit in support of the Application for the Relief Sought, and for no other or improper purpose.

Process for Commissioning of this Affidavit

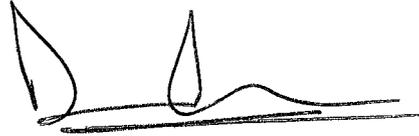
44. I am not physically present before the Commissioner for Oaths (the "**Commissioner**") taking this Affidavit, but I am linked with the Commissioner by video technology. The following steps have been or will be taken by me and the Commissioner:

- (a) I have shown the Commissioner the front and back of my current government-issued photo identification ("**ID**") and the Commissioner has compared my video image to the information on my ID;
- (b) the Commissioner has taken a screenshot of the front and back of my ID to retain it;
- (c) the Commissioner and I have a paper copy of this Affidavit before us;

- (d) the Commissioner and I have reviewed each page of this Affidavit to verify that the pages are identical and have initialed each page in the lower right corner;
- (e) at the conclusion of our review of the Affidavit, the Commissioner administered the oath to me, and the Commissioner watched me sign my name to this Affidavit; and
- (f) I will send this signed Affidavit electronically to the Commissioner.

SWORN BEFORE ME by two-way video)
conference, on this 3rd day of February,)
2021.)
)
)
)
)
)
)

Commissioner for Oaths in and for the)
Province of Alberta)



DAVID MESSINA

This is Exhibit "A" referred to in the Affidavit of David Messina
sworn before me by two-way video conference this 3rd day of February, 2021.

A Commissioner for Oaths in and for the Province of Alberta



Government Corporation/Non-Profit Search of Alberta ■ Corporate Registration System

Date of Search: 2021/01/07
Time of Search: 11:07 AM
Search provided by: MCCARTHY TETRAULT LLP
Service Request Number: 34640795
Customer Reference Number: n.stewart/rt

Corporate Access Number: 2020351884
Business Number: 712552520
Legal Entity Name: SALT BUSH ENERGY LTD.

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2017/04/05 YYYY/MM/DD

Registered Office:

Street: 600, 815 - 8TH AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P3P2

Records Address:

Street: 600, 815 - 8TH AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P3P2

Email Address: CAROL@CASCORP.CA

Directors:

Last Name: KEENIHAN
First Name: STEPHEN
Street/Box Number: LEVEL 2, 6 THELMA STREET, P.O. BOX 1195
City: WEST PERTH-WA
Postal Code: 6005
Country: AUSTRALIA

Last Name: MESSINA
First Name: DAVID
Street/Box Number: LEVEL 2, 6 THELMA STREET, P.O. BOX 1195

City: WEST PERTH-WA
Postal Code: 6005
Country: AUSTRALIA

Last Name: SMITH
First Name: WILLIAM
Middle Name: H.
Street/Box Number: 2220 NORTH TOWER, SUN LIFE PLAZA, 140 - 4 AVE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P3N3

Voting Shareholders:

Last Name: WHITEBARK ENERGY LTD.
Street: LEVEL 2, 6 THELMA STREET, P.O. BOX 1195
City: WEST PERTH-WA
Postal Code: 6005
Country: AUSTRALIA
Percent Of Voting Shares: 100

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE SHARE STRUCTURE SCHEDULE ATTACHED HERETO
Share Transfers Restrictions: SEE RESTRICTIONS ON SHARE TRANSFERS SCHEDULE ATTACHED HERETO
Min Number Of Directors: 1
Max Number Of Directors: 15
Business Restricted To: NO RESTRICTIONS
Business Restricted From: NO RESTRICTIONS
Other Provisions: SEE OTHER RULES OR PROVISIONS SCHEDULE ATTACHED HERETO

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2020	2020/03/18



Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2017/04/05	Incorporate Alberta Corporation
2019/06/27	Change Director / Shareholder
2020/02/22	Update BN
2020/03/18	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2017/04/05
Restrictions on Share Transfers	ELECTRONIC	2017/04/05
Other Rules or Provisions	ELECTRONIC	2017/04/05

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



This is Exhibit "B" referred to in the Affidavit of David Messina
sworn before me by two-way video conference this 3rd day of February, 2021.

A Commissioner for Oaths in and for the Province of Alberta

A handwritten mark or signature in the bottom right corner of the page, consisting of a circular scribble with a small vertical line extending downwards from the center.

Salt Bush Energy Ltd. ("SBE")
Statement of Projected Cash Flow
For the Period ending April 18, 2021
(\$CDN)

Week Ending	Notes	24-Jan-21 Forecast	31-Jan-21 Forecast	7-Feb-21 Forecast	14-Feb-21 Forecast	21-Feb-21 Forecast	28-Feb-21 Forecast	7-Mar-21 Forecast	14-Mar-21 Forecast	21-Mar-21 Forecast	28-Mar-21 Forecast	4-Apr-21 Forecast	11-Apr-21 Forecast	18-Apr-21 Forecast	Total Forecast
Cash Flow from Operating Activities															
Receipts															
Oil	1		124,163				139,993				126,346				390,502
Gross (WCS pricing)															
Less:															
Processing Fees				(8,893)				(8,898)				(7,899)			(25,238)
OP + Water + Truck				(7,852)				(7,895)				(6,812)			(22,358)
Royalty				(21,739)				(24,793)				(22,399)			(68,921)
Oil - Netback revenues			124,163	(39,484)			139,993	(41,189)			126,346	(38,899)			273,984
Natural Gas	2		63,541				60,833				47,245				161,620
Gross (Aeco 6A pricing)															
Less:															
AECO/BP Fees				(8,254)				(6,129)				(5,425)			(17,808)
Processing Fees				(23,860)				(23,383)				(20,698)			(67,942)
Royalty				(10,107)				(7,846)				(7,360)			(25,303)
Natural Gas - Netback revenues			63,541	(40,221)			60,833	(37,358)			47,245	(33,473)			50,967
NGL	3		5,908				5,790				5,125				16,822
Gross (calculated pricing)															
Less:															
Processing Fees															
Royalty				(788)				(773)				(684)			(2,245)
NGL - Netback revenues			5,908	(788)			5,790	(773)			5,125	(684)			14,577
Total Receipts			193,613	(79,464)			196,616	(79,295)			178,718	(71,056)			339,128
Disbursements															
Operating expenses	4						(8,331)				(10,330)				(18,661)
Property taxes							(1,832)				(1,000)				(2,632)
Equipment rental	5						(26,395)				(43,068)				(69,463)
Corporate G&A	6		(48,000)				(48,000)				(48,000)				(131,000)
Contingency	7						(15,000)				(15,000)				(30,000)
Total Disbursements			(48,000)				(98,358)				(103,398)				(248,753)
Operating Cash Flow			145,613	(79,464)			98,258	(79,295)			75,321	(71,056)			89,376
Professional Fees															
Deloitte Restructuring Inc.	8			(30,000)				(30,000)				(25,000)			(85,000)
Deloitte's independent legal counsel				(5,000)				(5,000)				(5,000)			(15,000)
McCarthy LLP				(25,000)				(25,000)				(25,000)			(75,000)
Financing Activities															
Debt-in-possession financing	9							30,841				50,735			81,576
Total Net Change in Cash			145,613	(139,484)			98,258	(108,454)			75,321	(75,321)			(4,047)
Opening Cash Balance		14,047	14,047	159,690	20,196	20,166	20,166	118,454	10,000	10,000	10,000	85,321	10,000	10,000	14,047
Closing Cash Balance		14,047	159,890	20,196	20,196	20,196	118,454	10,000	10,000	10,000	85,321	10,000	10,000	10,000	10,000

Salt Bush Energy Ltd.

Deloitte Restructuring Inc.,
in its capacity as Trustee under the proposal of
Salt Bush Energy Ltd. and not in its personal or
corporate capacity.



David Messina, Director

Per: Bob Taylor, Senior Vice-President



Salt Bush Energy Ltd. ("SBE")
Statement of Projected Cash Flow
For the Period ending April 16, 2021
(\$CDN)

Notes and assumptions:

- 1 Oil revenues, based on well performance metrics and Western Canada Select ("WCS") pricing, are collected one month in arrears. The corresponding direct costs including processing fees, trucking costs, and royalties are paid one week following the collection of gross revenues.
- 2 Natural gas revenues, based on oil to gas ratio and AECO 5A pricing, are collected one month in arrears. Corresponding direct costs comprises AECO fees, processing fees, and royalties. Processing fees are settled in kind for gas product. Excess volumes are sold to a third party by SBE.
- 3 Natural gas liquids revenues are based on production volumes of natural gas and are collected one month in arrears. Corresponding direct costs including processing fees and royalties are paid one week following the collection of gross revenues.
- 4 Operating expenses comprise disposal water trucking, regular equipment maintenance, safety and environmental, small tools and equipment, and supplies used in day to day operations. The operating expenses include GST where applicable.
- 5 SBE leases certain equipment, including tanks, generators, pumpjack and compressors, from third parties.
- 6 Corporate G&A comprises consulting services for two (2) field staff, six (6) head office staff, and office rent. The Corporate G&A includes GST where applicable. The staff members are integral to the on going operations of SBE and arrears for staff compensation will be paid the week ending January 31, 2021.
- 7 A contingency of \$16,000 has been projected for any unforeseen or extraordinary expenses that may arise while operating in the normal course.
- 8 Professional fees (including GST) are an estimate and will vary depending on the complexities encountered during the Company's restructuring.
- 9 SBE will require financing to continue operations over the cash flow period. Required financing is estimated to total approximately \$82,000 over the cash flow period. Whitebark Energy Inc., the parent company to SBE, has agreed to provide such financing in support of SBE's restructuring efforts. The terms and conditions of the additional finances are to be determined in due course.



SBE Proforma Cash Flow (\$CAD)

		19	20	21	22	23	24	25	26	27	28	29	30	31	32
		Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Dec-21
	FX	0.750	0.743	0.750	0.742	0.745	0.739	0.750	0.754	0.750	0.750	0.750	0.750	0.750	0.750
Operating Margin															
Oil	Volume	bbl/day	95	93	92	90	88	86	84	83	81	79	78	76	75
	Netback Index Price (VICI)	\$/bbl CAD	\$42.03	\$48.35	\$49.30	\$49.16	\$48.51	\$47.95	\$47.69	\$47.18	\$46.23	\$45.84	\$45.47	\$45.11	\$44.73
	Processing / Quality Adj \$	\$/bbl CAD	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
	Net (ex per statement)	\$/bbl CAD	\$133.03	\$145.35	\$146.30	\$146.16	\$145.51	\$144.95	\$144.69	\$144.18	\$143.23	\$142.84	\$142.47	\$142.11	\$141.73
	REVENUE	\$/bbl CAD	\$ 135,300	\$ 131,307	\$ 118,697	\$ 118,348	\$ 121,071	\$ 120,442	\$ 113,032	\$ 113,313	\$ 108,513	\$ 102,112	\$ 102,519	\$ 98,430	\$ 96,757
	OP W/Star # Truck	\$/bbl CAD	\$ 2.66	\$ 2.66	\$ 2.66	\$ 2.66	\$ 2.66	\$ 2.66	\$ 2.66	\$ 2.66	\$ 2.66	\$ 2.66	\$ 2.66	\$ 2.66	\$ 2.66
	Royalty	\$/bbl CAD	\$ 7.16	\$ 8.56	\$ 8.74	\$ 8.71	\$ 8.67	\$ 8.49	\$ 8.42	\$ 8.34	\$ 8.15	\$ 8.08	\$ 8.01	\$ 7.94	\$ 7.87
	Margin \$/bbl CAD	\$/bbl CAD	\$125.01	\$112.51	\$104.93	\$104.73	\$105.59	\$107.84	\$101.84	\$102.38	\$97.00	\$91.10	\$91.80	\$85.51	\$83.20
	Netback \$ Total	\$/CAD	\$85,709	\$98,818	\$89,447	\$96,728	\$91,109	\$90,320	\$86,959	\$85,113	\$84,448	\$80,511	\$76,762	\$74,548	\$72,243
NG	Volume	MMcf	837	820	803	787	772	756	741	726	712	698	684	670	657
	Netback Index Price	\$/cu	\$ 2.45	\$ 2.00	\$ 2.10	\$ 1.84	\$ 1.75	\$ 1.76	\$ 1.83	\$ 1.86	\$ 1.84	\$ 1.84	\$ 1.84	\$ 1.84	\$ 1.84
	ACCOMP Fees	\$/cu	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24
	Net (ex per statement)	\$/cu	\$ 2.21	\$ 1.76	\$ 1.86	\$ 1.60	\$ 1.49	\$ 1.52	\$ 1.61	\$ 1.62	\$ 1.60	\$ 1.60	\$ 1.60	\$ 1.60	\$ 1.60
	REVENUE	\$/cu	\$ 1,852,800	\$ 1,408,000	\$ 1,486,400	\$ 1,281,600	\$ 1,210,800	\$ 1,281,600	\$ 1,281,600	\$ 1,281,600	\$ 1,152,000	\$ 1,152,000	\$ 1,152,000	\$ 1,152,000	\$ 1,152,000
	Processing Fees	\$/cu	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92
	Royalty	\$/cu	\$ 0.39	\$ 0.41	\$ 0.33	\$ 0.28	\$ 0.26	\$ 0.27	\$ 0.28	\$ 0.28	\$ 0.28	\$ 0.28	\$ 0.28	\$ 0.28	\$ 0.28
	Margin \$/cu CAD	\$/cu CAD	\$ 0.90	\$ 0.53	\$ 0.61	\$ 0.40	\$ 0.31	\$ 0.33	\$ 0.41	\$ 0.42	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40
	Netback \$ Total	\$/CAD	\$15,910	\$13,475	\$13,772	\$9,739	\$7,148	\$7,815	\$9,053	\$9,192	\$8,809	\$8,349	\$10,713	\$11,861	\$12,171
ENGL	Volume	bbl/day	8.5	8.1	8.0	7.8	7.6	7.5	7.3	7.2	7.0	6.9	6.8	6.6	6.5
	Netback Index Price	\$/bbl CAD	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00
	Processing/Refining	\$/bbl CAD	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00
	Net (ex per statement)	\$/bbl CAD	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
	REVENUE	\$/bbl CAD	\$ 193.00	\$ 186.30	\$ 186.00	\$ 180.60	\$ 174.00	\$ 171.00	\$ 168.00	\$ 165.00	\$ 161.00	\$ 158.70	\$ 156.90	\$ 155.10	\$ 153.75
	Processing Fees	\$/bbl CAD	\$ 3.07	\$ 3.07	\$ 3.07	\$ 3.07	\$ 3.07	\$ 3.07	\$ 3.07	\$ 3.07	\$ 3.07	\$ 3.07	\$ 3.07	\$ 3.07	\$ 3.07
	Royalty	\$/bbl CAD	\$ 19.93	\$ 19.93	\$ 19.93	\$ 19.93	\$ 19.93	\$ 19.93	\$ 19.93	\$ 19.93	\$ 19.93	\$ 19.93	\$ 19.93	\$ 19.93	\$ 19.93
	Margin \$/bbl CAD	\$/bbl CAD	\$ 169.99	\$ 163.37	\$ 162.99	\$ 157.67	\$ 151.00	\$ 148.00	\$ 145.00	\$ 142.00	\$ 138.00	\$ 135.73	\$ 132.97	\$ 131.10	\$ 129.75
	Netback \$ Total	\$/CAD	\$5,119	\$5,017	\$4,941	\$4,818	\$4,670	\$4,629	\$4,389	\$4,356	\$4,202	\$4,040	\$3,881	\$3,718	\$3,633
Fixed Costs		\$/bbl CAD	\$ 60,395	\$ 60,395	\$ 60,395	\$ 60,395	\$ 60,395	\$ 60,395	\$ 60,395	\$ 60,395	\$ 60,395	\$ 60,395	\$ 60,395	\$ 60,395	\$ 60,395
TOTAL REVENUE		\$/bbl CAD	\$ 178,495	\$ 181,801	\$ 165,602	\$ 172,935	\$ 160,812	\$ 161,020	\$ 153,868	\$ 155,785	\$ 149,741	\$ 141,109	\$ 144,771	\$ 142,702	\$ 143,447
Total Operating Margin		\$/bbl CAD	\$59,754	\$56,925	\$47,265	\$50,890	\$42,531	\$47,417	\$38,015	\$39,226	\$34,858	\$29,210	\$31,891	\$30,732	\$31,269
Operating Expense		20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Corporate O&A		\$/bbl CAD	\$ 40,000	\$ 40,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Operating Cash Flow		\$/bbl CAD	\$19,754	\$16,925	\$22,265	\$25,890	\$17,531	\$17,417	\$13,015	\$14,226	\$9,858	\$4,210	\$6,891	\$5,732	\$6,869
Cash Balance		opening	\$0	\$16,925	\$39,190	\$65,081	\$82,612	\$100,029	\$119,045	\$127,271	\$137,129	\$141,339	\$148,231	\$153,962	\$153,962
		closing	\$16,925	\$39,190	\$65,081	\$82,612	\$100,029	\$119,045	\$127,271	\$137,129	\$141,339	\$148,231	\$153,962	\$153,962	\$153,962

Month	Actual	
11	31	
Dec-19	Dec-19	← back-test
0.750	0.750	
100	98	
\$10,000	\$6,111	319 50,71542
\$ 742	70219	
\$ 5.66	\$ -	55913
\$ 8.63	\$ -	31275
\$103,137	\$10,750	102793
\$60	\$59	\$45,896.00 45896
\$ 1.37	\$ -	
\$ 0.30	\$ -	
\$ 0.93	\$ 0.69	39793
\$16,419	\$12,171	
\$ -	\$ 6.8	
\$ -	\$ -	
\$ -	\$ -	
\$ -	\$ 2.96	
\$0	\$204	5670
\$ 60,395	\$ 60,395	
\$59,181	-\$16,851	



Price Forecast

		1.39603	1.40541	1.39736	1.35532	1.32211	1.32305	1.32372	1.32273	1.32		
		0.716317	0.711536	0.715635	0.737833	0.756367	0.755829	0.755468	0.756012	0.757576		
		1	2	3	4	5	6	7	8	9	10	11
		31	30	31	30	31	31	30	31	30	31	31
		Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
CME	FX	0.716	0.707	0.715	0.725	0.741	0.756	0.755	0.751	0.764	0.775	0.770

Oil

			\$USD										
			19.89										
CME	WTI - CMA	\$/bbl	\$30.45	\$16.70	\$28.53	\$38.22	\$40.77	\$42.39	\$39.63	\$40.22	\$40.83	\$47.07	\$52.23
CME / NE2	WCS diff (net discount +)	\$/bbl	-\$17.41	-\$13.20	-\$16.86	-\$4.35	-\$8.82	-\$7.81	-\$11.21	-\$8.38	-\$9.82	-\$14.50	-\$15.00
	WCS \$	\$/bbl	\$13.04	\$3.50	\$7.87	\$33.87	\$32.45	\$34.58	\$28.42	\$31.84	\$31.01	\$32.57	\$37.23
	Actual net back	\$ CAD/bbl	\$18.20	\$4.95	\$11.01	\$46.72	\$31.62	\$33.74	\$32.44	\$36.12	\$40.06	\$42.03	\$48.35

Nat Gas

			CAD \$										
streamline	Aeco SA	\$/mcf	\$ 1.95	\$ 1.91	\$ 1.97	\$ 1.78	\$ 1.88	\$ 2.02	\$ 2.63	\$ 1.62	\$ 3.15	\$ 2.45	\$ 2.00

NGL

streamline	Calculated	CAD \$/bbl	\$ 9.07	\$ 6.02	\$ 9.53	\$ 29.42	\$ 29.40	\$ 24.73	\$ 22.60	\$ 24.66	\$ 26.45	\$ 23.00	\$ 23.00
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	WTI - CMA	USD/bbl	\$30.45	\$16.70	\$28.53	\$38.22	\$40.77	\$42.39	\$39.63	\$40.22	\$40.83	\$47.07	\$52.23
	C3 @Edm	\$CAD /bbl	12.65	6.21	6.55	6.95	7.86	8.77	9.68	10.63	11.46	12.19	11.71
	C3 @ Conway	USD/gal											41.88
		CAD/bbl											22.84
	C5diff	USD/bbl	-\$3.30	-\$3.30	-\$3.30	-\$3.30	-\$4.00	-\$4.00	-\$4.00	-\$4.00	-\$4.00	-\$4.20	-\$5.00
		Cad/bbl	-\$4.61	-\$4.67	-\$4.62	-\$4.55	-\$5.40	-\$5.29	-\$5.30	-\$5.33	-\$5.23	-\$5.42	-\$6.49

c2	1.0% CAD/bbl	-6.26	-6.56	-6.56	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c3	21.9% CAD/bbl	-5.16	-4.92	5.97	16.69	16.69	9.50	9.50	9.50	10.00	10.00	10.00	10.00
c4	45.0% CAD/bbl	-1.16	2.51	9.31	24.01	24.00	14.50	14.50	14.50	14.50	14.50	14.50	14.50
c5+	31.8% CAD/bbl	33.91	18.95	12.90	47.06	47.00	41.90	42.00	42.00	42.00	42.00	42.00	42.00

	Pricing						
c2	0				0	0	
c3	conway less	.265us/g	11.13 \$/bbl		105	16.69316	
c4	15% WTI CMA				151	24.00636	
c5+	WTI CMA LESS NE2 Condi Diff LESS \$0.50/bbl				296	47.05882	
	NGX NE@ condi diff	-\$ 20.75	-\$ 3.30				
	Enb C5+ WADF	\$ 4.24	\$ 0.67		184.926		
	Rimbey Gas plan c5+ WADF	-\$ 21.44	-\$ 3.41				



12 28 Feb-21	13 31 Mar-21	14 30 Apr-21	15 31 May-21	16 30 Jun-21	17 31 Jul-21	18 31 Aug-21	19 30 Sep-21	20 31 Oct-21	21 31 Nov-21	21 31 Dec-21	21 31 Jan-22	21 31 Feb-22
0.770	0.770	0.770	0.780	0.780	0.780	0.790	0.790	0.790	0.790	0.790		

\$52.96	\$52.85	\$52.66	\$52.43	\$52.15	\$51.80	\$51.51	\$51.21	\$50.92	\$50.64	\$50.34		
-\$15.00	-\$15.00	-\$15.00	-\$15.00	-\$15.00	-\$15.00	-\$15.00	-\$15.00	-\$15.00	-\$15.00	-\$15.00		
\$37.96	\$37.85	\$37.66	\$37.43	\$37.15	\$36.80	\$36.51	\$36.21	\$35.92	\$35.64	\$35.34		
\$49.30	\$49.16	\$48.91	\$47.99	\$47.63	\$47.18	\$46.22	\$45.84	\$45.47	\$45.11	\$44.73		

\$ 2.10	\$ 1.84	\$ 1.73	\$ 1.78	\$ 1.85	\$ 1.86	\$ 1.84	\$ 1.84	\$ 1.97	\$ 2.05	\$ 2.27		
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\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 27.01	\$ 26.72	\$ 26.73	\$ 26.76	\$ 26.78	\$ 26.79		
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\$52.96	\$52.85	\$52.66	\$52.43	\$52.15	\$51.80	\$51.51	\$51.21	\$50.92	\$50.64	\$50.34	\$0.00	\$0.00
11.58	9.67	7.98	7.48	7.75	8.29	8.57	9.17	9.84	10.43	11.03		
41.63	38.13	34.94	34.56	35.06	36.06	37.06	38.19	39.44	40.56	41.69		
22.71	20.80	19.06	18.61	18.88	19.42	19.70	20.30	20.97	21.56	22.16		
-\$5.00	-\$5.00	-\$5.00	-\$5.00	-\$5.00	-\$6.00	-\$6.00	-\$6.00	-\$6.00	-\$6.00	-\$6.00		
-\$6.49	-\$6.49	-\$6.49	-\$6.41	-\$6.41	-\$7.69	-\$7.59	-\$7.59	-\$7.59	-\$7.59	-\$7.59		
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10.00	10.00	10.00	10.00	10.25	8.29	8.57	9.17	9.84	10.43	11.03		
14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50		
42.00	42.00	42.00	42.00	42.00	58.72	57.61	57.23	56.86	56.51	56.13		



Today 02/03/21

Volume Forecast

				1.5%	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
				1.5%	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
				1.5%	5.0%	5.0%	4.0%	4.0%	4.0%	2.0%	2.0%	2.0%	2.0%
		month		1	2	3	4	5	6	7	8	9	10
Volume				31	30	31	30	31	31	30	31	30	31
				Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Oil *net)	/day	Rex1	100%						493	350	325	300	
		Rex2	100%						271	143	250	300	
		Rex3	100%						739	572	525	500	
		31.8	m3	2237	1235	1149	694	1153	890	771	885	464	500
		200	bbl/mth	14070.73	7768	7227	4365	7254	5599	4850	5567	2917	2954
			bbl/d	453.9	258.9	233.1	145.5	234.0	180.6	161.7	179.6	97.3	95.3
			BSW Increase	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Water				51.5%	52.0%	52.5%	53.1%	53.6%	54.1%	54.7%	55.2%	55.8%	56.3%
BSW	51%		m3	2376	1339	1272	785	1332	1051	930	1092	585	645
			bbl/mth	14947	8423	8003	4937	8380	6609	5851	6866	3679	4058
			bbl/d	482	281	258	165	270	213	195	221	123	131
Nat Gas (net)			e3m3	2,252	1,609	1,539	930	1,545	893	827	1,370	779	629
GOR	9.00	35.5	mcf	79,939	59,540	54,638	33,001	54,840	38,780	29,374	48,640	27,642	22,336
Shrink	16%		mcf/d	2,579	1,985	1,763	1,100	1,769	1,251	979	1,569	921	721
Heat	1.1		GJ	92,822	54,356	63,443	38,320	31,740	45,030	34,108	56,479	32,097	25,935
			GJ/d	2,994	1,812	2,047	1,277	1,024	1,453	1,137	1,822	1,070	837
NGL		1.06											
	bbl/mmcft		m3	197.00	158.80	99.89	60.34	100.26	70.90	53.70	88.93	50.54	40.84
	11.5		bbl	1,239.1	998.9	628.3	379.5	630.7	446.0	337.8	559.4	317.9	256.9
			bbl/d	39.97	33.30	20.27	12.65	20.34	22.76	21.02	19.43	22.93	8.29

	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
	11	12	13	14	15	16	17	18	19	20	21	21
	31	28	31	30	31	30	31	31	30	31	31	31
	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
	460	407	442	419	425	403	408	400	379	384	376	369
	2895	2563	2781	2637	2671	2533	2565	2514	2384	2414	2366	2318
	93.4	91.5	89.7	87.9	86.1	84.4	82.7	81.1	79.5	77.9	76.3	74.8
	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
	56.9%	57.5%	58.0%	58.6%	59.2%	59.8%	60.4%	61.0%	61.6%	62.2%	62.9%	63.5%
	608	551	612	594	616	599	622	625	608	632	636	641
	3822	3463	3847	3736	3876	3768	3912	3932	3826	3977	4003	4030
	123	124	124	125	125	126	126	127	128	128	129	130
	617	546	592	562	569	539	546	535	508	514	504	494
	21,889	19,375	21,022	19,937	20,190	19,148	19,390	19,002	18,022	18,250	17,885	17,527
	706	692	678	665	651	638	625	613	601	589	577	565
	25,417	22,498	24,410	23,150	23,443	22,233	22,515	22,065	20,926	21,191	20,767	20,352
	820	803	787	772	756	741	726	712	698	684	670	657
	40.02	35.42	38.43	36.45	36.91	35.01	35.45	34.74	32.95	33.37	32.70	32.04
	251.7	222.8	241.8	229.3	232.2	220.2	223.0	218.5	207.2	209.9	205.7	201.6
	8.12	7.96	7.80	7.64	7.49	7.34	7.19	7.05	6.91	6.77	6.63	6.50

(D)

			1	2	3	4	5	6	7
			31	30	31	30	31	31	30
			Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20
		\$ CAD							
			breakup factor 1.6						
Oil		\$/m3	\$/bbl	\$ 3.50	\$ 4.97	\$ -	\$ -	\$ -	\$ -
	Trucking	\$ 16.00	\$ 2.45						
	Terminal - Treating	\$ 3.12	\$ 0.85						
	Other Variable		\$ 0.20		0.2	0.2	0.75	0.75	0.75
			2.265501						
Water		\$/m3	\$/bbl	\$ 1.91	\$ 1.91	\$ 1.91	\$ 1.91	\$ 1.91	\$ 1.91
	Trucking	\$ 8.00	\$ 1.27						
	Disposal	\$ 4.00	\$ 0.64						
Oil & Water			\$/bbl	\$ 5.41	\$ 6.88	\$ 2.11	\$ 2.11	\$ 2.66	\$ 2.66
				\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24
				\$ 0.92	\$ 0.77	\$ 0.77	\$ 0.77	\$ 0.77	\$ 0.92
				\$ 1.161	\$ 1.011	\$ 1.011	\$ 1.011	\$ 1.011	\$ 1.161
NGL			\$/bbl	\$ 7.63	\$ 7.63	\$ 7.63	\$ 7.63	\$ 7.63	\$ 7.63

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8 31 Oct-20	9 30 Nov-20	10 31 Dec-20	11 31 Jan-21	12 28 Feb-21	13 31 Mar-21	14 30 Apr-21	15 31 May-21	16 30 Jun-21	17 31 Jul-21	18 31 Aug-21	19 30 Sep-21	20 31 Oct-21
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
\$ 1.91	\$ 1.91	\$ 1.91	\$ 1.91	\$ 1.91	\$ 1.91	\$ 1.91	\$ 1.91	\$ 1.91	\$ 1.91	\$ 1.91	\$ 1.91	\$ 1.91
<hr/>												
\$ 2.66	\$ 2.66	\$ 2.66	\$ 2.66	\$ 2.66	\$ 2.66	\$ 2.66	\$ 2.66	\$ 2.66	\$ 2.66	\$ 2.66	\$ 2.66	\$ 2.66
<hr/>												
\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24
\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92
\$ 1.161	\$ 1.161	\$ 1.161	\$ 1.161	\$ 1.161	\$ 1.161	\$ 1.161	\$ 1.161	\$ 1.161	\$ 1.161	\$ 1.161	\$ 1.161	\$ 1.161
<hr/>												
\$ 7.63	\$ 7.63	\$ 7.63	\$ 7.63	\$ 7.63	\$ 7.63	\$ 7.63	\$ 7.63	\$ 7.63	\$ 7.63	\$ 7.63	\$ 7.63	\$ 7.63



21	21
31	31
Nov-21	Dec-21

\$ - \$ -

0.75 0.75

\$ 1.91 \$ 1.91

\$ 2.66 \$ 2.66

\$ 0.24 \$ 0.24

\$ 0.92 \$ 0.92

\$ 1.161 \$ 1.161

\$ 7.63 \$ 7.63

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Royalty

				1	2	3	4	5	6	7
				31	30	31	30	31	31	30
				Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20
				\$18.20	\$4.95	\$11.01	\$46.72	\$31.62	\$33.74	\$32.44
OIL	19.0%	<i>effective rate</i>		19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
Freehold	18%	75%	\$/bbl							
Crown	22%	25%	Deduction	\$ 3.30	\$ 3.30	\$ 3.30	\$ 3.30	\$ 3.30	\$ 3.30	\$ 3.30
Proforma Royalty				\$ 2.83	\$ 0.31	\$ 1.46	\$ 8.25	\$ 5.38	\$ 5.78	\$ 5.54
				\$ 9.07	\$ 6.02	\$ 9.53	\$ 29.42	\$ 29.40	\$ 24.73	\$ 22.60
NGL	20.4%	<i>effective rate</i>		20.4%	20.4%	20.4%	20.4%	20.4%	20.4%	20.4%
Freehold	19%	77%	\$/bbl							
Crown	25%	23%	Deduction	\$ 7.94	\$ 7.94	\$ 7.94	\$ 7.94	\$ 7.94	\$ 7.94	\$ 7.94
Proforma Royalty				\$ 0.23	\$ 0.39	\$ 0.32	\$ 4.38	\$ 4.37	\$ 3.42	\$ 2.99
				\$ 1.95	\$ 1.91	\$ 1.97	\$ 1.78	\$ 1.88	\$ 2.02	\$ 2.63
Nat Gas	18.0%	<i>effective rate</i>		18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%
Freehold	18%	77%	\$/mcf							
Crown	18%	23%	Deduction	0.285	0.285	0.285	0.285	0.285	0.285	0.285
Proforma Royalty				\$ 0.30	\$ 0.29	\$ 0.30	\$ 0.27	\$ 0.29	\$ 0.31	\$ 0.42

Oil Gas Oil Gas Volume
 REX 1
 Rex 2
 Rex 3



8 31 Oct-20	9 30 Nov-20	10 31 Dec-20	11 31 Jan-21	12 28 Feb-21	13 31 Mar-21	14 30 Apr-21	15 31 May-21	16 30 Jun-21	17 31 Jul-21	18 31 Aug-21	19 30 Sep-21	20 31 Oct-21	21 31 Nov-21
\$36.12	\$40.06	\$42.03	\$48.35	\$49.30	\$49.16	\$48.91	\$47.99	\$47.63	\$47.18	\$46.22	\$45.84	\$45.47	\$45.11
19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
\$ 3.30	\$ 3.30	\$ 3.30	\$ 3.30	\$ 3.30	\$ 3.30	\$ 3.30	\$ 3.30	\$ 3.30	\$ 3.30	\$ 3.30	\$ 3.30	\$ 3.30	\$ 3.30
\$ 6.24	\$ 6.98	\$ 7.36	\$ 8.56	\$ 8.74	\$ 8.71	\$ 8.67	\$ 8.49	\$ 8.42	\$ 8.34	\$ 8.15	\$ 8.08	\$ 8.01	\$ 7.94
\$ 24.66	\$ 26.45	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 27.01	\$ 26.72	\$ 26.73	\$ 26.76	\$ 26.78
20.4%	20.4%	20.4%	20.4%	20.4%	20.4%	20.4%	20.4%	20.4%	20.4%	20.4%	20.4%	20.4%	20.4%
\$ 7.94	\$ 7.94	\$ 7.94	\$ 7.94	\$ 7.94	\$ 7.94	\$ 7.94	\$ 7.94	\$ 7.94	\$ 7.94	\$ 7.94	\$ 7.94	\$ 7.94	\$ 7.94
\$ 3.41	\$ 3.77	\$ 3.07	\$ 3.07	\$ 3.07	\$ 3.07	\$ 3.07	\$ 3.07	\$ 3.07	\$ 3.89	\$ 3.83	\$ 3.83	\$ 3.84	\$ 3.84
\$ 1.62	\$ 3.15	\$ 2.45	\$ 2.00	\$ 2.10	\$ 1.84	\$ 1.73	\$ 1.76	\$ 1.85	\$ 1.86	\$ 1.84	\$ 1.84	\$ 1.97	\$ 2.05
18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%
0.285	0.285	0.285	0.285	0.285	0.285	0.285	0.285	0.285	0.285	0.285	0.285	0.285	0.285
\$ 0.24	\$ 0.52	\$ 0.39	\$ 0.31	\$ 0.33	\$ 0.28	\$ 0.26	\$ 0.27	\$ 0.28	\$ 0.28	\$ 0.28	\$ 0.28	\$ 0.30	\$ 0.32

21
31
Dec-21

\$44.73
19.0%

\$ 3.30

\$ 7.87

\$ 26.79
20.4%

\$ 7.94
\$ 3.84

\$ 2.27
18.0%

0.285
\$ 0.36

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This is Exhibit "C" referred to in the Affidavit of David Messina
sworn before me by two-way video conference this 3rd day of February, 2021.

A Commissioner for Oaths in and for the Province of Alberta

9.

SALE AND INVESTMENT SOLICITATION PROCEDURES

Preamble

1. These Sale and Investment Solicitation Procedures (the "**SISP**") will be implemented under Division I of Part III of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") in the Division I proposal proceedings initiated by Salt Bush Energy Ltd. (the "**Company**") on January 13, 2021 (the "**NOI Proceedings**") under which Deloitte Restructuring Inc. has been appointed as proposal trustee (the "**Proposal Trustee**"). This SISP was approved by an order (the "**Approval Order**") on application by the Company to the Court of Queen's Bench of Alberta (the "**Court**") on February 12, 2021.
2. The Approval Order, *inter alia*, approved this SISP together with the entering into of a purchase and sale agreement (the "**Stalking Horse APA**") between the Company and Ironbark Energy Ltd. (the "**Stalking Horse Purchaser**") pursuant to which the Stalking Horse Purchaser made an offer to purchase substantially all of the assets of the Company (the "**Acquired Assets**").
3. The Approval Order, the procedures in respect of the SISP as contained herein (the "**SISP Procedures**") and any subsequent order issued by the Court pertaining to the SISP Procedures shall exclusively govern the process for soliciting and selecting bids for the sale of the shares in or assets of the Company, a refinancing, reorganization, recapitalization, restructuring, joint-venture, merger or other business transaction involving the Company, or some combination thereof.

Stalking Horse APA

4. The Stalking Horse APA provides that the purchase price for the acquisition of the Acquired Assets (the "**Purchase Price**") will be paid as follows:
 - (a) by the indefeasible payment, in full and in cash, of all Cure Costs (all as defined in the Stalking Horse APA);
 - (b) by the indefeasible payment, in full and in cash, of all amounts owing under the Administrative Charge (as such term is defined in the order issued by the Court in the NOI Proceedings on February 12, 2020) at the time of closing;
 - (c) by the delivery by the Stalking Horse Purchaser of an irrevocable direction from Whitebark Energy Ltd. to the Company and the Proposal Trustee providing that any dividends or similar distributions that Whitebark Energy Ltd. is entitled to receive in the NOI Proceedings be distributed for the benefit of all of the Company's unsecured creditors other than Whitebark Energy Ltd (the "**Direction**"); and,
 - (d) by the indefeasible payment, in full and in cash, of the amount of \$336,000, net of any cash amounts paid to satisfy the Cure Costs and Administrative Charge.
5. The Company has determined that the total value of the Stalking Horse APA, inclusive of the cash portion of the Purchase Price and the Direction for the benefit of the Company's unsecured creditors, will be approximately \$2,000,000.

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6. The purpose of these SISP Procedures is to determine whether a higher and better offer than the Stalking Horse APA may be obtained by the Company in a formal marketing process undertaken in the NOI Proceedings and approved by the Court. For the purposes of these SISP Procedures, a “**Superior Offer**” shall mean:
- (a) a credible, reasonably certain and financially viable offer made by a Qualified Bidder (as defined herein) to acquire the assets of or shares in the Company, or a refinancing, recapitalization, joint-venture, merger or other business transaction involving the Company or some combination thereof, the terms of which offer are no less favourable and no more burdensome or conditional than the terms contained in the Stalking Horse APA; and
 - (b) that provides for consideration that, in the reasonable business judgment of the Proposal Trustee, is in excess of the value of the consideration payable pursuant to the Stalking Horse APA (being \$2,000,000, as may be amended pursuant to the participation of the Stalking Horse Bidder in the Phase 2 Auction (as defined herein)), **plus** any amounts outstanding under the Break Fee Charge (as defined in the Approval Order, in the maximum amount of \$75,000). For greater certainty, the Proposal Trustee’s determination as to whether a Superior Offer has been obtained shall not be made until after the completion of the Phase 2 Auction, in accordance with the terms of these SISP Procedures.

Conduct of SISP Procedures

7. The Proposal Trustee shall conduct the SISP Procedures as outlined herein. In the event that there is a disagreement or clarification required as to the interpretation or application of these SISP Procedures or the responsibilities of any person hereunder, the Court will have the jurisdiction to hear such matter and provide advice and directions upon application of the Company, the Proposal Trustee, the Stalking Horse Purchaser or any other interested person.

“As Is, Where Is”

8. Any transaction involving the Company, the shares of the Company or the assets of the Company, will be on an “**as is, where is**” basis and without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Company, the Proposal Trustee, or any of their agents, estates, advisors, professionals or otherwise, except to the extent set forth in a written agreement with the person who is a counterparty to such a transaction.

Free of Any and All Claims and Interests

9. All of the right, title and interest of the Company in and to any assets sold or transferred within the NOI Proceedings will, at the time of such sale or transfer, be sold or transferred free and clear of any security, charge or other restriction (collectively, the “**Claims and Interests**”) pursuant to approval and vesting orders made by the Court under section 65.13(7) of the BIA except for any security, charge or other restriction expressly contemplated in the Stalking Horse APA or a Superior Offer, as the case may be.



SISP Commencement

10. The Proposal Trustee will commence the SISP Procedures on February 15, 2021 (the "**SISP Commencement Date**") by preparing, in consultation with the Company, a list of potential bidders (the "**Known Potential Bidders**"). Such list will include both strategic and financial parties who, in the reasonable business judgment of the Proposal Trustee and the Company, may be interested in and have the financial capacity to make a Superior Offer.
11. The Proposal Trustee will give notice of these SISP Procedures to Known Potential Bidders (including the Participation Requirements as specified below) shortly after the SISP Commencement Date. In addition, the Proposal Trustee intends to give notice regarding these SISP Procedures in the Globe and Mail, National Edition; the BOE Report; and, the Daily Oil Bulletin.

Participation Requirements

12. Unless otherwise ordered by the Court, any person (including any Known Potential Bidder) who wishes to participate in this SISP must deliver the following to the Proposal Trustee:
 - (a) an executed form of confidentiality agreement that is satisfactory to the Company and the Proposal Trustee, acting reasonably, and which shall enure to the benefit of any person who completes a transaction with the Company (each a "**Confidentiality Agreement**"); and
 - (b) a specific indication of the anticipated sources of capital and / or credit for such person and satisfactory evidence of the availability of such capital and / or credit so as to demonstrate that such person has the financial capacity to complete a transaction pursuant to a Superior Offer.
13. If, in the opinion of the Proposal Trustee, a person has complied with each of the requirements described in section 12 of these SISP Procedures, such person shall be deemed a "**Potential Bidder**" hereunder.
14. The Company will provide each Potential Bidder with access to an electronic data room containing due diligence materials and financial, tax and other information relating to the shares, the assets, the property and the business of the Company as soon as practicable after the determination that such person is a Potential Bidder.
15. The Proposal Trustee is not responsible for, and will have no liability with respect to, any information obtained by any Potential Bidder. The Proposal Trustee and its advisors do not make any representations or warranties whatsoever as to the information or the materials provided.

Phase 1 Bid Deadline

16. A Potential Bidder will be deemed a "**Qualified Bidder**" if such Potential Bidder submits an offer to the Proposal Trustee to acquire the assets of or shares in the Company, or a refinancing, recapitalization, joint-venture, merger or other business transaction involving the Company or some combination thereof (a "**Qualified Bid**") on or before 5:00 pm

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(Calgary Time time) on April 16, 2021 (the "**Phase 1 Bid Deadline**"). Subject to section 17 of these SISP Procedures, an offer will only qualify as a Qualified Bid in the event that it contains, meets or includes all of the following:

- (a) it is submitted in writing and is received on or before the Phase 1 Bid Deadline;
- (b) the Qualified Bidder and the representatives thereof who are authorized to appear and act on its behalf must be sufficiently identified and written evidence of the Qualified Bidder's chief officer or other appropriate senior executive's approval of the contemplated transaction must be submitted with the offer;
- (c) it fully discloses the identity of each person that is bidding or otherwise that will be sponsoring or participating in the Qualified Bid, including the identification of the Qualified Bidder's direct and indirect owners and their principals and the full and complete terms of any such participation;
- (d) it is accompanied by a refundable deposit (the "**Deposit**") in the form of a certified cheque or wire transfer (to a trust account specified by the Proposal Trustee), payable to the Proposal Trustee in trust, in an amount equal to ten percent (10%) of the cash consideration to be paid pursuant to the Qualified Bid, to be held and dealt with in accordance with these SISP Procedures;
- (e) it is irrevocably open for acceptance by the Company until five (5) Business Days after the Phase 2 Auction (as defined herein), or later;
- (f) it does not contain any provisions for a break fee or expense reimbursement;
- (g) it provides for consideration that, in the reasonable business judgment of the Proposal Trustee, is equal to or in excess of the value of the consideration payable pursuant to the Stalking Horse APA (being \$2,000,000, as may be amended pursuant to the participation of the Stalking Horse Bidder in the Phase 2 Auction (as defined herein)), **plus** any amounts outstanding under the Break Fee Charge (as defined in the Approval Order, in the maximum amount of \$75,000). For greater certainty, a Qualified Bid must:
 - i) provide for cash consideration and may not include a direction in the nature of the Direction, as part of the consideration under such Qualified Bid; and,
 - ii) provide for the repayment by the Company, in full and in cash, of any amounts owing under the Interim Financing Charge approved pursuant to the Approval Order (in the maximum amount of \$150,000).
- (h) it includes either:
 - i) a fully binding and definitive agreement, duly authorized and executed, setting out the terms and conditions of the proposed transaction, including the aggregate amount of the proposed equity and debt investment, assumption of debt, if any, and details regarding the proposed equity and debt structure of the Company following completion of the proposed transaction (a "**Definitive Restructuring Agreement**"); or,

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- ii) a fully binding and definitive agreement, duly authorized and executed purchase and sale agreement, together with all exhibits and schedules thereto, and such ancillary agreements as may be required with all exhibits and schedules thereto (a "**Definitive Asset Stalking Horse APA**"); or,
 - iii) some combination of a Definitive Restructuring Agreement and a Definitive Asset Stalking Horse APA, provided that such agreement is a fully binding definitive agreement that is duly authorized and executed (a "**Definitive Hybrid Agreement**");
- (i) it is accompanied by a cover letter which includes a summary of:
 - i) the structure and financing of the transaction (including, but not limited to, the sources of financing and evidence of the availability of such financing);
 - ii) any anticipated corporate, shareholder, internal or regulatory approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining such approvals;
 - iii) any additional due diligence required or desired to be conducted prior to the Phase 2 Auction (as defined hereinafter), if any;
 - iv) any conditions to closing that the Qualified Bidder may wish to impose; and;
 - v) any other terms or conditions of the transaction which the Qualified Bidder believes are material to the transaction;
 - (j) it provides for the completion of the transactions contemplated therein on or before Monday, May 17, 2021 (the "**Completion Date**");
 - (k) such other information reasonably requested by the Proposal Trustee.
17. The Proposal Trustee, acting reasonably, may waive non-compliance with any one or more of the requirements specified in paragraph 16 of these SISP Procedures and deem any non-compliant bid to be a Qualified Bid.
18. If a Qualified Bid is received, these SISP Procedures shall proceed to the next phase for the purpose of attempting to obtain a Superior Offer. If there are no Qualified Bids submitted:
- (a) these SISP Procedures shall terminate; and
 - (b) the Company shall, within three (3) Business Days of the termination of these SISP Procedures, file an application with the Court seeking approval, after notice and hearings, to implement the Stalking Horse APA.

Phase 2 Auction

19. If the Proposal Trustee receives one or more Qualified Bids by the Phase 1 Bid Deadline, the Proposal Trustee shall extend invitations by phone, fax and/or email by 10:00 a.m. (Calgary time) on the third (3rd) Business Day after the Phase 1 Bid Deadline to all Qualified Bidders, and the Stalking Horse Purchaser, to attend an auction (the "**Phase 2 Auction**"). The Phase 2 Auction shall be held no earlier than five (5) Business Days after the Phase 1 Bid Deadline, and no later than April 28, 2021, as the Proposal Trustee may in its sole discretion designate, at the offices of the Proposal Trustee or virtually by videoconference facility established by the Proposal Trustee.
20. The Proposal Trustee shall conduct the Phase 2 Auction. At the Phase 2 Auction, the bidding shall begin initially with the highest Qualified Bid and subsequently continue in multiples of \$10,000, or such other amount as the Proposal Trustee may determine in its sole discretion to facilitate the Phase 2 Auction (the "**Incremental Amount**"). Additional consideration in excess of the amount set forth in the highest Qualified Bid must be comprised only of cash consideration (but, for clarity, with respect to the Stalking Horse Bid the requirement for cash consideration shall apply only to the amounts tendered in excess of the highest Qualified Bid). The format and procedure of the Phase 2 Auction shall be determined by the Proposal Trustee in its sole discretion.
21. The Proposal Trustee shall assess the conduct of the Phase 2 Auction, the total financial and contractual terms of the Qualified Bids (inclusive of the Incremental Amounts bid at the Phase 2 Auction, if any), and various factors relevant to the speed and certainty of completing the sale of the Acquired Assets, to determine whether any Qualified Bid comprises a Superior Offer. The Proposal Trustee shall determine whether a Superior Offer has been made as promptly as practicable but no later than one (1) Business Day after the Phase 2 Auction (the "**Bid Assessment Deadline**").
22. In the event that the Proposal Trustee determines that one or more Qualified Bids constitutes a Superior Offer, the Proposal Trustee shall (to the extent that there is more than one Superior Offer) select the highest or best Superior Offer and shall file an application to the Court to approve such Superior Offer within three (3) Business Days of the Bid Assessment Deadline. The Company shall thereafter complete the transactions contemplated by such selected Superior Offer in accordance with the terms thereof and any order issued by the Court.
23. If the Proposal Trustee determines that no Qualified Bid constitutes a Superior Offer:
 - (a) these SISP Procedures shall terminate; and
 - (b) the Company shall, within three (3) Business Days of the Bid Assessment Deadline, file an application with the Court seeking approval by the Court, after notice and hearings, to implement the Stalking Horse APA.

Deposits

24. All Deposits shall be retained by the Proposal Trustee and invested in an interest bearing trust account in a Schedule I Bank in Canada. If there is a Qualified Bid that constitutes a Superior Offer, the Deposit (plus accrued interest) paid by the person



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making such Qualified Bid shall be applied to the consideration to be paid by such Person upon closing of the transaction constituting the Qualified Bid.

25. The Deposit(s) (plus applicable interest) of all persons not making the Qualified Bid that constitutes a Superior Offer shall be returned to such persons within five (5) Business Days of the earlier of the date that: (a) the Court approves a Superior Offer; or (b) the Court approves the Stalking Horse APA.
26. If the Person making a Qualified Bid selected as a Superior Offer breaches or defaults on its obligation to close the transaction in respect of such Qualified Bid it shall forfeit its Deposit to the Proposal Trustee for and on behalf of the Company; provided however that the forfeit of such Deposit shall be in addition to, and not in lieu of, any other rights in law or equity that the Company has in respect of such breach or default.

Notice

27. The addresses used for delivering documents as prescribed by the terms and conditions of these SISP Procedures are set out in Schedule "A" hereto. All notices, inquiries, and other communications in connection with these SISP Procedures should be delivered to the Proposal Trustee, and not to the Company, except as may otherwise be directed by the Proposal Trustee. A bid and all associated documentation shall be delivered to the Proposal Trustee by electronic mail, personal delivery or courier. Persons requesting information about these SISP Procedures should contact the Proposal Trustee at the contact information contained in Schedule "A".

No Amendment

28. There shall be no amendments to these SISP Procedures, including, for greater certainty the SISP Procedures set out herein, unless otherwise ordered by the Court upon application and appropriate notice.

Break Fee

29. For greater certainty, notwithstanding any other provision contained herein, the Break Fee (as defined in the Stalking Horse APA) in the amount of \$50,000 shall be payable to the Stalking Horse Purchaser in the event that a Superior Offer is selected as a result of these SISP Procedures, pursuant to the terms of the Stalking Horse APA.

Further Orders

30. At any time during these SISP Procedures, the Proposal Trustee, the Company or the Stalking Horse Purchaser may apply to the Court for advice and directions with respect to the discharge of their powers and duties hereunder.

(b)

Schedule "A"**Address for Notices and Deliveries**

To the Proposal Trustee:

Deloitte Restructuring Inc.
700, 850 - 2 Street S.W.
Calgary AB T2P 0R8
Canada

Attention: Bob Taylor / Naomi McGregor
Email: bobtaylor@deloitte.ca / naomcgregor@deloitte.ca

ALL INQUIRIES, NOTICES AND OTHER COMMUNICATIONS IN CONNECTION WITH THESE SISF PROCEDURES SHOULD BE DELIVERED SOLELY TO THE ATTENTION OF THE PROPOSAL TRUSTEE, AND NOT TO THE COMPANY, EXCEPT AS MAY OTHERWISE BE DIRECTED BY THE PROPOSAL TRUSTEE



This is Exhibit "D" referred to in the Affidavit of David Messina
sworn before me by two-way video conference this 3rd day of February, 2021.

A Commissioner for Oaths in and for the Province of Alberta

A small, handwritten mark or signature in the bottom right corner of the page, consisting of a circle with a stylized character inside.

SALT BUSH ENERGY LTD.

- and -

IRONBARK ENERGY LTD.

ASSET PURCHASE AND SALE AGREEMENT

FEBRUARY 2, 2021



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AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT OF PURCHASE AND SALE dated as of February 2, 2021,

BETWEEN:

SALT BUSH ENERGY LTD., a corporation existing under the laws of Alberta (herein referred to as the "**Vendor**")

- and -

IRONBARK ENERGY LTD., a corporation existing under the laws of Alberta (herein referred to as the "**Purchaser**")

WHEREAS:

- A. The Vendor beneficially owns the Assets;
- B. The Vendor has commenced proceedings under Division I of Part III of the *Bankruptcy and Insolvency Act* (the "**BIA**") on January 13, 2021 by lodging a Notice of Intention to Make a Proposal under Section 50.4 of the BIA, and Deloitte Restructuring Inc. has been appointed proposal trustee (the "**Proposal Trustee**") under those proceedings.
- C. The Purchaser, subject to the Court Approval and the SISP Approval, has agreed to purchase and acquire and the Vendor has agreed to sell, transfer and assign to the Purchaser, all of the Vendor's Interest in and to the Assets, on the terms and conditions set forth herein.

NOW THEREFORE, this Agreement witnesses that in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and adequacy of which are acknowledged by each Party to the other, the Parties covenant and agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Agreement:

- (a) "**Abandonment and Reclamation Obligations**" means all past, present and future obligations to:
 - (i) abandon, shut-down, close, decommission, dismantle or remove any and all Wells and Tangibles, including all structures, foundations, buildings, pipelines, equipment and other facilities located on the Lands or used or previously used in respect of Petroleum Substances produced or previously produced from the Lands; and
 - (ii) restore, remediate and reclaim the surface and subsurface locations of the Wells and the Tangibles and any lands used to gain access thereto, including such obligations relating to wells, pipelines and facilities which were abandoned or decommissioned prior to the Closing Date that were located on the Lands or that were located on other lands and used in respect of Petroleum Substances produced

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or previously produced from the Lands, and including the remediation, restoration and reclamation of any other surface and sub-surface lands affected by any environmental damage, contamination or other environmental issues emanating from or relating to the sites for the Wells or the Tangibles;

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

- (b) "**Accounts Receivable**" means all trade and other accounts receivable, notes receivable, unbilled accounts and other debts due or accruing due to the Vendor in relation to the Assets in respect of the period prior to the Closing Date but excluding, for greater certainty, all other trade and other accounts receivable, notes receivable, unbilled accounts and other debts due or accruing due to the Vendor not in relation to the Assets;
- (c) "**Administrative Charge**" means a charge granted in the NOI Proceedings to secure fees and disbursements of certain professional advisors in the maximum amount of \$150,000;
- (d) "**AER**" means the Alberta Energy Regulator;
- (e) "**Affiliate**" means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with that specified Person. For the purposes of this definition, "control" (including with correlative meanings, controlling, controlled by and under common control with) means the power to direct or cause the direction of the management and policies of that Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise and, it being understood and agreed that with respect to a corporation or partnership, control shall mean direct or indirect ownership of more than 50% of the voting shares in any such corporation or of the general partnership interest or voting interest in any such partnership;
- (f) "**Agreement**" means this agreement of purchase and sale and any schedules attached hereto which are referred to in this agreement, together with any amendment or supplement thereto;
- (g) "**Applicable Law**" means, in respect of any Person, asset, transaction, event or circumstance: (i) statutes (including regulations enacted thereunder); (ii) judgments, decrees and orders of courts of competent jurisdiction (including the common law); (iii) regulations, orders, ordinances and directives issued by Governmental Authorities; and (iv) the terms and conditions of all permits, licenses, approvals and authorizations, in each case which are applicable to such Person, asset, transaction, event or circumstance;
- (h) "**Assets**" means the Petroleum and Natural Gas Rights, the Tangibles and the Miscellaneous Interests, but specifically excluding the Excluded Assets;
- (i) "**Assumed Contracts**" means, other than contracts which are Excluded Assets, the contracts referenced in subsection (i) of the definition of Miscellaneous Interests, which contracts shall be assigned by the Vendor and assumed by the Purchaser in accordance with the terms of this Agreement, the relevant contracts and/or the Sale Order, and/or other order of the Court in form and substance satisfactory to the Parties;



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- (j) "**Assumed Liabilities**" means, collectively, all liabilities and obligations arising from the possession, ownership and/or use of the Assets following Closing, along with Environmental Liabilities, Abandonment and Reclamation Obligations and Cure Costs;
- (k) "**BIA**" means the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as may be subsequently amended, supplemented or restated from time to time;
- (l) "**Break Fee**" means the amount of \$50,000 (FIFTY THOUSAND DOLLARS) which shall be payable to the Purchaser, by the Vendor, pursuant to Section 13.3 of this Agreement. For greater certainty, without limiting the generality of the foregoing, the Break Fee shall be payable in the event that a Superior Offer is accepted by the Vendor pursuant to the SISP;
- (m) "**Business Day**" means any day other than a Saturday, Sunday or a statutory holiday in the City of Calgary in the Province of Alberta;
- (n) "**Cash and Cash Equivalents**" means cash, cash equivalents, money on deposit with banks, certificates of deposit and similar instruments and short-term investments held by the Vendor for and on behalf of the Vendor;
- (o) "**Claim**" means any right, claim, cause of action or complaint of any Person that may be asserted or made in whole or in part against any Vendor, any of their respective Affiliates and their respective Representatives, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present or future, known or unknown, by guarantee, surety or otherwise, and whether or not any right, claim, cause of action or complaint is executory or anticipatory in nature;
- (p) "**Closing**" means the completion of the purchase by the Purchaser, and sale by the Vendor, of the Vendor's Interest in and to the Assets and the completion of all other transactions contemplated by this Agreement that are to occur contemporaneously with such purchase and sale, all subject to and in accordance with the terms and conditions of this Agreement;
- (q) "**Closing Date**" means the date on which Closing occurs, being the later of May 17, 2021 or the date which is two Business Days following the date upon which all conditions in Sections 11.1, 11.2 and 11.3 have been satisfied or waived (other than such conditions which are to be satisfied on the Closing Date), or such other date as the Parties may agree in writing; provided, however, that the Closing Date shall not be later than the Outside Date;
- (r) "**Consequential Damages**" has the meaning ascribed to that term in Section 14.5;
- (s) "**Court**" means the Court of Queen's Bench of Alberta, Judicial Centre of Calgary;



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- (t) "**Court Approval**" means both the issuance of the Sale Order by the Court approving the sale of the Assets, and such Sale Order having become a Final Order;
- (u) "**Cure Costs**" means, in respect of any Assumed Contract, all amounts, required to be paid to remedy all of the Vendor's monetary defaults under such Assumed Contract or required to secure a counterparty's or any other necessary Person's consent to the assignment of such Assumed Contract pursuant to its terms or as may be required pursuant to the Sale Order, and includes any other fees and expenses required to be paid to a counterparty or any other Person in connection with the assignment of an Assumed Contract pursuant to its terms or Applicable Laws, but excludes (i) any secured or unsecured creditor Claim against the Vendor other than payments to counterparties under Assumed Contracts as described above; and (ii) any municipal taxes and other tax Claims;
- (v) "**Data Room Information**" means all information made available (by the Vendor or otherwise) for the Purchaser's review in electronic form in relation to the Vendor, its Affiliates and/or the Assets;
- (w) "**Deposit**" has the meaning ascribed to that term in Section 3.3(a)(i);
- (x) "**Encumbrances**" means all mortgages, pledges, charges, liens, debentures, trust deeds, Claims, assignments by way of security or otherwise, security interests, conditional sales contracts or other title retention agreements, security created under the *Bank Act* (Canada), rights of first refusal, or similar interests or instruments charging or creating a security interest in the Assets or any part thereof or interest therein, and any agreements, leases, licenses, occupancy agreements, options, easements, rights of way, restrictions, executions, or other encumbrances (including notices or other registrations in respect of any of the foregoing) affecting title to the Assets or any part thereof or interest therein;
- (y) "**Environment**" means the components of the earth and 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);
- (z) "**Environmental Laws**" means all Applicable Laws relating to pollution or protection of human health or the Environment (including ambient air, water, surface water, groundwater, land surface, soil, or subsurface) or natural resources, including Applicable Laws relating to the storage, transfer, transportation, investigation, cleanup, treatment, or use of, or release or threatened release into the Environment of, any Hazardous Substances;
- (aa) "**Environmental Liabilities**" means all past, present and future Losses and Liabilities, Claims and other duties and obligations, whether arising under contract, Applicable Laws or otherwise, arising from, relating to or associated with:
- (i) any damage, pollution, contamination or other adverse situations pertaining to the Environment howsoever and by whomsoever caused and regardless of whether such damage, pollution, contamination or other adverse situations occur or arise in whole or in part prior to, at or subsequent to the date of this Agreement;
 - (ii) the presence, storage, use, holding, collection, accumulation, assessment, generation, manufacture, processing, treatment, stabilization, disposition, handling, transportation, release, emission or discharge of Petroleum Substances, oilfield wastes, water, Hazardous Substances, environmental contaminants and all

other substances and materials regulated under any Applicable Law, including any forms of energy, or any corrosion to or deterioration of any structures or other property;

- (iii) compliance with or the consequences of any non-compliance with, or violation or breach of, any Environmental Law;
- (iv) sampling, monitoring or assessing the Environment or any potential impacts thereon from any past, present or future activities or operations; or
- (v) the protection, reclamation, remediation or restoration of the Environment;

that relate to or arise by virtue of the Assets or the ownership thereof or any past, present or future operations and activities conducted in connection with the Assets;

- (bb) "**Excluded Assets**" has the meaning set forth in Section 2.7;
- (cc) "**Expense Reimbursement Amount**" means the aggregate amount of all reasonable and documents out of pocket costs, expenses and fees incurred by the Purchaser or any Affiliate of the Purchaser (including, for the avoidance of doubt, such costs, expenses and fees incurred by Whitebark Energy Ltd. and its Affiliates) in connection with evaluating, negotiating, documents and performing the transactions contemplated by this Agreement, including fees, costs and expenses of any professionals (including financial advisors, outside legal counsel, accounts, experts and consultants) retained by or on behalf of the Purchasers or any Affiliate of the Purchaser (including, for the avoidance of doubt, Whitebark Energy Ltd. and its Affiliates) in connection with or related to the authorization, preparation, investigation, negotiation, execution and performance of this Agreement, the transactions contemplated hereby, including the NOI Proceedings and other judicial and regulatory proceedings related to such transactions, which shall be payable as set forth in Section 13.3 of this Agreement;
- (dd) "**Facilities**" means the Vendor's Interest in and to those facilities and pipelines identified in Part 2 of Schedule A;
- (ee) "**Final Order**" means an order of the Court that has not been vacated, stayed, set aside, amended, reversed, annulled or modified, as to which no appeal or application for leave to appeal therefrom has been filed and the applicable appeal period with respect thereto shall have expired without the filing of any appeal or application for leave to appeal, or if any appeal(s) or application(s) for leave to appeal therefrom have been filed, any (and all) such appeal(s) or application(s) have been dismissed, quashed, determined, withdrawn or disposed of with no further right of appeal and all opportunities for rehearing, reargument, petition for certiorari and appeal being exhausted or having expired without any appeal, motion or petition having been filed and remaining pending, any requests for rehearing have been denied, and no order having been entered and remaining pending staying, enjoining, setting aside, annulling, reversing, remanding, or superseding the same, and all conditions to effectiveness prescribed therein or otherwise by Applicable Law or order having been satisfied;
- (ff) "**General Conveyance, Assignment and Assumption Agreement**" means an agreement providing for the assignment by the Vendor of the Vendor's Interest in and to the Assets, free and clear of all Encumbrances (other than Permitted Encumbrances), substantially in



the form attached hereto as Schedule C, and the assumption by the Purchaser of the Assumed Liabilities, substantially in the form attached hereto as Schedule C;

- (gg) "**Governmental Authority**" means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, tribunal, commission, bureau, board, court (including the Court) or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government, having jurisdiction over a Party, the Assets or this Transaction, including for greater certainty the AER;
- (hh) "**GST**" means taxes, interest, penalties and other additions thereto imposed under Part IX of the *Excise Tax Act* (Canada) and the regulations made thereunder; and "**GST Legislation**" means such act and regulations collectively;
- (ii) "**Hazardous Substances**" means any substance, material or waste defined, regulated, listed or prohibited by Environmental Laws, including pollutants, contaminants, chemicals, deleterious substances, dangerous goods, hazardous or industrial toxic wastes or substances, radioactive materials, flammable substances, explosives, polychlorinated biphenyls, chlorinated solvents and asbestos;
- (jj) "**Interim Financing Term Sheet**" means the term sheet to be entered into between the Vendor and Whitebark Energy Ltd., or such other lender as may be agreed to by the Vendor and Whitebark Energy Ltd., which the Vendor will seek to have approved by order of the Court;
- (kk) "**Lands**" means the lands set out and described in Part 1 of Schedule A, and the Petroleum Substances within, upon or under such lands (subject to the restrictions and exclusions identified in the Title Documents as to Petroleum Substances and geological formations), but excluding the Excluded Assets;
- (ll) "**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);
- (mm) "**Legal Proceeding**" means any litigation, action, suit, investigation, hearing, claim, complaint, grievance, arbitration proceeding or other proceeding and includes any appeal or review or retrial of any of the foregoing and any application for same;
- (nn) "**Licence Transfers**" means the transfer from the Vendor to the Purchaser of any permits, approvals, licences and authorizations granted by the AER or any other Governmental Authority in relation to the construction, installation, ownership, use or operation of the Wells or the Facilities, as applicable;
- (oo) "**LTAs**" has the meaning set forth in Section 2.3(a);
- (pp) "**Losses and Liabilities**" means any and all assessments, charges, costs, damages, debts, expenses, fines, liabilities, losses, obligations and penalties, whether accrued or fixed, absolute or contingent, matured or unmatured or determined or determinable, including those arising under any Applicable Law, Claim by any Governmental Authority or any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority, and those arising under any contract, agreement,



arrangement, commitment or undertaking and costs and expenses of any Legal Proceeding, assessment, judgment, settlement or compromise relating thereto, and all interest, fines and penalties and reasonable legal fees and expenses incurred in connection therewith (on a full indemnity basis);

(qq) "**Miscellaneous Interests**" means, subject to any and all limitations and exclusions provided for in this definition, the Vendor's 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 relating to the Petroleum and Natural Gas Rights and the Tangibles, or either of them (including the Title Documents);
- (ii) all warranties, guarantees and similar rights relating to the Petroleum and Natural Gas Rights and the Tangibles, or either of them, including warranties and guarantees made by suppliers, manufacturers and contractors under the Assets, and claims against other Third Parties in connection with the contracts relating to the Petroleum and Natural Gas Rights and the Tangibles;
- (iii) all subsisting rights to carry out operations relating to the Lands, the Tangibles or the Wells, and without limitation, all easements and other permits, licenses and authorizations pertaining to the Tangibles or the Wells;
- (iv) 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;
- (v) all records, books, documents, licences, reports and data which relate to the Petroleum and Natural Gas Rights and the Tangibles, or either of them including any of the foregoing that pertain to geological or geophysical matters and, including plats, surveys, maps, cross-sections, production records, electric logs, cuttings, cores, core data, pressure data, decline and production curves, well files, and related matters, division of interest records, lease files, title opinions, abstracts of title, title curative documents, lease operating statements and all other accounting information, marketing reports, statements, gas balancing information, and all other documents relating to customers, sales information, supplier lists, records, literature and correspondence, physical maps, geologic or geophysical interpretation, electronic and physical project files; and
- (vi) the Wells, including the wellbores and any and all casing and down-hole monitoring and pumping equipment;

but excluding the Excluded Assets and provided that unless otherwise agreed in writing by the Parties, the Miscellaneous Interests shall not include any documents or data to the extent that they are owned or licensed by Third Parties with restrictions on their deliverability or disclosure by the Vendor to an assignee;



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- (rr) "**NOI Proceedings**" means the proceedings commenced by the Vendor under Division I of Part III of the BIA on January 13, 2021, by lodging a Notice of Intention to Make a Proposal under Section 50.4 of the BIA;
- (ss) "**Notice Period**" has the meaning ascribed to that term in Section 8.2(b);
- (tt) "**Order**" means any order, writ, judgment, injunction, decree, stipulation, determination, decision, verdict, ruling, subpoena, or award entered by or with any Governmental Authority (whether temporary, preliminary, or permanent);
- (uu) "**Outside Date**" means June 11, 2021 or such other date as the Parties may agree;
- (vv) "**Outstanding ROFR Assets**" has the meaning set forth in Section 10.3(e)(ii);
- (ww) "**Outstanding ROFRs**" has the meaning set forth in Section 10.3(e);
- (xx) "**Parties**" means, collectively, the Purchaser and the Vendor, and "**Party**" means any one of them;
- (yy) "**Permitted Encumbrances**" means:
- (i) all encumbrances, overriding and any other royalties, net profits interests and other burdens identified in the Title Documents or in Schedule A;
 - (ii) the terms and conditions of the Assumed Contracts and the Title Documents, including ROFRs, 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;
 - (iii) 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 Laws to terminate any Title Document;
 - (iv) easements, rights 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;
 - (v) all Applicable Laws, and all rights of general application reserved to or vested in any Governmental Authority to regulate or control the ownership, use or operation of the Assets in any manner, including (A) requirements and limitations as to production rates or operations or otherwise affecting recoverability of Petroleum Substances, or (B) to levy taxes on Petroleum Substances or any of them or the income therefrom;
 - (vi) any obligations to Third Parties for any thirteenth month adjustments or for payments due as a result of any audits conducted by operators or Third Parties;
 - (vii) Taxes on Petroleum Substances or the income or revenue from the Petroleum Substances and requirements imposed by Applicable Law or Governmental



- Authorities concerning rates of production from the Wells or from operations on any of the Lands, or otherwise affecting recoverability of Petroleum Substances from the Lands, which Taxes or requirements are generally applicable to the oil and gas industry in the jurisdiction in which the Assets are located;
- (viii) agreements for the sale, processing, transmission or transportation of Petroleum Substances, which are terminable on not more than thirty (30) days' notice (without an early termination penalty or other like cost);
 - (ix) any obligation of the Vendor to hold any portion of their interest in and to any of the Assets in trust for Third Parties;
 - (x) the right reserved to or vested in any Governmental Authority to control or regulate any of the Assets in any manner, including any directives or notices received from any Governmental Authority pertaining to the Assets;
 - (xi) undetermined or inchoate liens incurred or created as security in favour of any Person with respect to the development or operation of any of the Assets, as regards the Vendor's share of the costs and expenses thereof which are not due or delinquent as of the date hereof;
 - (xii) the reservations, limitations, provisos and conditions in any grants or transfers from the Crown of any of the Lands or interests therein, and statutory exceptions to title;
 - (xiii) agreements and plans relating to pooling or unitization of any of the Petroleum and Natural Gas Rights;
 - (xiv) agreements respecting the operation of Wells or Facilities by contract field operators;
 - (xv) provisions for penalties and forfeitures under Title Documents as a consequence of non-participation in operations; and
 - (xvi) liens granted in the ordinary course of business to a public utility, municipality or Governmental Authority with respect to operations pertaining to any of the Assets as regards the Vendor's share of amounts owing to such public utility, municipality or Governmental Authority which are not due or delinquent as of the date hereof;
- (zz) "**Person**" means any individual, corporation, limited or unlimited liability company, joint venture, partnership (limited or general), trust, trustee, executory, Governmental Authority, or other entity however designated or instituted;
 - (aaa) "**Petroleum and Natural Gas Rights**" means the Vendor's 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), but excluding the Excluded Assets;
 - (bbb) "**Petroleum Substances**" means any of crude oil, petroleum, natural gas, natural gas liquids, coal bed methane and any and all other substances related to any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including sulphur;

- (ccc) "**Prime Rate**" means an annual rate of interest equal to the annual rate of interest announced from time to time by the main branch of the Royal Bank of Canada in Calgary, Alberta, as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans provided that such rate shall be determined on the last day of each month and applied to the next succeeding month;
- (ddd) "**Proposal Trustee**" means Deloitte Restructuring Inc. in its capacity as the proposal trustee in the NOI Proceedings;
- (eee) "**Purchase Price**" has the meaning ascribed to that term in Section 3.1;
- (fff) "**Purchaser**" has the meaning ascribed to that term in the preamble hereto;
- (ggg) "**Representative**" means, in respect of a Person, each director, officer, employee, agent, legal counsel, accountant, consultant, contractor, professional advisor and other representative of such Person and its Affiliates;
- (hhh) "**Restructuring Proceedings**" means the NOI Proceedings or any successor proceedings thereto;
- (iii) "**ROFR**" means a right of first refusal, right of first offer or other pre-emptive or preferential right of purchase or similar right to acquire the Assets or certain of them that may become operative by virtue of this Agreement or the completion of the Transaction;
- (jjj) "**Sale Order**" means an order of the Court in the Restructuring Proceedings upon the conclusion of the SISP approving the Transaction in accordance with the provisions of this Agreement, and vesting all of the Vendor's Interest in and to the Assets in the Purchaser free and clear of all Claims, Encumbrances (other than Permitted Encumbrances) and interests, such order to be substantially in the form attached hereto as Schedule B together with such modifications and amendments to such form as may be approved by both the Vendor and the Purchaser, acting reasonably;
- (kkk) "**SISP**" means the Vendor's sale and investment solicitation process, which the Vendor will seek to have approved by the Court by way of an application returnable February 12, 2021 (as may be adjourned, rescheduled, or continued by order of the Court);
- (lll) "**SISP Approval**" means an order of the Court in the Restructuring Proceedings approving the SISP and the execution and delivery of this Agreement;
- (mmm) "**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 Vendor's Interest in and to the Assets to the Purchaser and to novate the Purchaser in the place and stead of the Vendor, with respect to the Assets (excluding the Licence Transfers);
- (nnn) "**Superior Offer**" has the meaning given to it in the SISP;
- (ooo) "**Tangibles**" means the Vendor's Interest in and to the Facilities and any and all other 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, store, transport, make marketable or inject the Leased Substances or any of them, but excluding the Excluded Assets;

- (ppp) "**Tax**" means all taxes, assessments, charges, dues, duties, rates, fees, imposts, levies and similar charges of any kind lawfully levied, assessed or imposed by any Governmental Authority under any applicable federal, provincial, territorial, municipal and local, foreign, or other statutes, ordinances or regulations imposing a tax, including income, capital, capital gains, goods and services, sales, use, consumption, excise, value added (including GST and any Harmonized Sales Tax), business, real property, personal property, transfer, franchise, withholding, payroll, or employer health taxes, Canada Pension Plan contributions, employment insurance premiums, and provincial workers' compensation payments, levy, assessment, whether computed on a separate, combined, unitary, or consolidated basis or any other manner, including any interest, penalties and fines associated therewith;
- (qqq) "**Third Party**" means any Person who is not a Party or an Affiliate of a Party;
- (rrr) "**Third Party Claim**" means any Claim by a Third Party asserted against the Vendor for which the Purchaser has indemnified the Vendor or is otherwise responsible pursuant to this Agreement;
- (sss) "**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, acreage contribution agreements, joint venture 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;
- (ttt) "**Transaction**" means the transaction for the purchase and sale of the Vendor's Interest in and to the Assets, together with all other transactions contemplated in this Agreement, all as contemplated in this Agreement;
- (uuu) "**Transfer Taxes**" means all transfer taxes, sales taxes, use taxes, production taxes, value-added taxes, goods and services taxes, land transfer taxes, registration and recording fees, and any other similar or like taxes and charges imposed by a Governmental Authority in connection with the sale, transfer or registration of the transfer of the Assets, including GST; and which, for certainty, shall not include freehold mineral taxes;
- (vvv) "**Vendor**" has the meaning ascribed to that term in the preamble hereto;
- (www) "**Vendor's Interest**" means, when used in relation to any asset, undertaking or property, the entire right, title and interest, if any, of the Vendor in, to and/or under such asset, undertaking or property;



- (xxx) "**Vendor's Solicitors**" means George Lepine Professional Corporation, or such other firm or firms of solicitors as are retained or engaged by the Vendor from time to time and notice of which is provided to the Purchaser; and
- (yyy) "**Wells**" means all wells located on the Lands, including all producing, shut in, abandoned, suspended, capped, water source, service, observation, delineation; injection and disposal wells, and Includes, but is not limited to, the Vendor's Interest in and to the wells listed in Part 2 of Schedule A.

1.2 Interpretation

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

- (a) All references to monetary amounts are to the lawful currency of Canada.
- (b) Words importing the singular include the plural and vice versa, and words importing gender include the masculine, feminine and neuter genders.
- (c) The word "include" and "including" and derivatives thereof shall be read as if followed by the phrase "without limitation".
- (d) The words "hereto", "herein", "hereof", "hereby", "hereunder" and similar expressions refer to this Agreement and not to any particular provision of this Agreement.
- (e) The headings contained in this Agreement are for convenience of reference only, and shall not affect the meaning or interpretation hereof.
- (f) Reference to any Article, Section or Schedule means an Article, Section or Schedule of this Agreement unless otherwise specified.
- (g) If any provision of a Schedule hereto conflicts with or is at variance with any provision in the body of this Agreement, the provisions in the body of this Agreement shall prevail to the extent of the conflict.
- (h) All documents executed and delivered pursuant to the provisions of this Agreement are subordinate to the provisions hereof and the provisions hereof shall govern and prevail in the event of a conflict.
- (i) This Agreement has been negotiated by each Party with the benefit of legal representation, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting Party does not apply to the construction or interpretation of this Agreement.
- (j) Reference to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof.
- (k) References to an Applicable Law means such Applicable Law as amended from time to time and includes any successor Applicable Law thereto any regulations promulgated thereunder.

1.3 Schedules

The following are the Schedules attached to and incorporated in this Agreement by reference and deemed to be a part hereof:

Schedule A	Assets Listing Part 1 – Lands Part 2 – Wells, Facilities and Pipelines
Schedule B	Form of Sale Order
Schedule C	Form of General Conveyance
Schedule D	Form of Bring-Down Certificate
Schedule E	Excluded Assets

1.4 Interpretation if Closing Does Not Occur

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

ARTICLE 2 PURCHASE AND SALE

2.1 Agreement of Purchase and Sale

Subject to the terms and conditions of this Agreement, and in consideration of the Purchase Price, the Vendor hereby agrees to sell, assign and transfer to the Purchaser, and the Purchaser agrees to purchase, accept and receive from the Vendor, the Vendor's Interest in and to the Assets.

2.2 Transfer of Property and Assumption of Liabilities

Provided that Closing occurs and subject to the terms and conditions of this Agreement, possession, risk, and legal and beneficial ownership of the Assets shall transfer from the Vendor to the Purchaser on the Closing Date, and the Purchaser agrees to assume, discharge, perform and fulfil all Assumed Liabilities. Without limiting the provisions of this Agreement relating to the General Conveyance, Assignment and Assumption Agreement (and such agreement itself), or any other provisions of this Agreement relating to sale, transfer, assignment, conveyance or delivery, the Assets shall be sold, assigned, transferred, conveyed, and delivered by the Vendor to the Purchaser by way of the Licence Transfers, the Specific Conveyances and other appropriate instruments of transfer, bills of sale, endorsements, assignments, and deeds, in recordable form, or by way of an Order of the Court, as appropriate, and free and clear of any and all Encumbrances of any and every kind, nature, and description, other than Permitted Encumbrances, as applicable.

2.3 AER License Transfers

- (a) Promptly following the Closing Date, the Vendor shall electronically submit applications to the AER for the Licence Transfers ("LTAs"), and, in each case, will provide a screen shot or other evidence indicating such submission to the Purchaser, and in addition the Vendor shall provide any information and documentation along with such LTAs to the AER which are required to be provided by the transferor in connection with the foregoing. The Purchaser shall accept or ratify such LTAs without delay, provided that, if the Purchaser in good faith determines or believes that any of the LTAs are not complete and



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accurate, or the AER refuses to process any such LTAs because of some defect therein, the Parties shall cooperate to duly complete or to correct such incomplete or inaccurate LTAs as soon as practicable and, thereafter, the Vendor shall promptly re-submit such LTAs and the Purchaser shall accept or ratify such re-submitted LTAs without delay. All costs relating to LTAs hereunder, including any corrections and re-submissions thereof, shall be paid by the Vendor. The Purchaser shall provide any information and documentation in respect of such LTAs to the AER which are required to be provided by the transferee in connection with the foregoing.

- (b) If the AER denies any of the LTAs because of misdescription or other minor deficiencies contained therein, the Vendor shall, within two Business Days of such denial, correct the LTA(s) and amend and re-submit the LTA(s), and the Purchaser shall accept or ratify such re-submitted LTAs without delay.
- (c) If, for any reason, a Governmental Authority requires the Purchaser or its Affiliate or nominee to make a deposit or furnish any other form of security in order to approve any Licence Transfers, the Purchaser shall promptly make such deposit or furnish such other form of security as required.
- (d) If the Purchaser fails to make a deposit or furnish security it is required to make or furnish under Section 2.3(c) within 10 days of the Purchaser's receipt of notification from the applicable Governmental Authority, or any Vendor, that such deposit or security is required, the Vendors shall have the right to make such deposit or furnish such security. In such event, the Purchaser shall (as applicable) reimburse the amount of such deposit or the costs of such security to the Vendors plus interest thereon at the Prime Rate plus three percent (3%) from the date such deposit or security is made or furnished by the Vendors until such reimbursement is made and, in the case of security, cause the security to be returned to the Vendors as soon as possible and indemnify the Vendors for the amount and costs of any draws on the security plus interest thereon at the Prime Rate from the date such draw is made until such indemnification is made. In addition to all other rights to enforce such reimbursement otherwise available to the Vendors, it shall have the right to set-off the amount of such reimbursement or indemnification (including interest) against other monies due to the Purchaser pursuant to this Agreement.
- (e) The Purchaser shall on a timely and continuing basis keep the Vendor fully apprised and informed regarding all communications the Purchaser may have with the AER in connection with the Transaction, including all communications respecting LTAs, and without limiting the generality of the foregoing the Purchaser shall provide copies to the Vendor of all related correspondence from the Purchaser to the AER, and the Purchaser shall request that the AER provide copies to the Vendor of all related correspondence from the AER to the Purchaser.

2.4 Specific Conveyances

- (a) The Parties shall cooperate in the preparation of the Specific Conveyances. A reasonable time following its receipt of the Title Documents from Vendor, Purchaser shall prepare and provide for the Vendor's review all Specific Conveyances. None of the Specific Conveyances shall confer or impose upon either Party any greater right or obligation than as contemplated in this Agreement. Vendor shall execute the Specific Conveyances and deliver them to Purchaser no later than 5 days following their delivery to Vendor. The Purchaser shall register and/or distribute (as applicable), all such Specific Conveyances

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and shall bear all costs incurred therewith and in preparing and registering any further assurances required to convey the Assets to the Purchaser.

- (b) As soon as practicable following Closing, the Vendor shall deliver or cause to be delivered to the 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 or control of the Vendor or of which the Vendor gains possession or control prior to Closing.
- (c) Notwithstanding Sections 2.4(a) and 2.4(b), requests for the transfers from the Vendor to the Purchaser of registered Crown leases or licences, related surface rights and any other Title Documents which are administered by the Alberta Government, shall be submitted by the Vendor and accepted by the Purchaser as soon as is practicable after Closing.

2.5 Post-Closing Maintenance of Assets

- (a) Following Closing, if and to the extent that Purchaser must be novated into, recognized as a party to, or otherwise accepted as assignee or transferee of Vendor's interest in the Assets or certain of them, including any Title Documents and Assumed Contracts, the following provisions shall apply with respect to the applicable Assets until such novation, recognition or acceptance has occurred:
 - (i) each of the Parties shall use reasonable commercial efforts to obtain, as may be required by the terms of any Assumed Contracts, consents or approvals to the assignment of such Assumed Contracts; provided that to the extent that any Cure Costs are payable with respect to any Assumed Contract, the Purchaser shall be responsible for and shall pay all such Cure Costs, which shall be paid directly to the counterparty as and when required in conjunction with the assignment of the Assumed Contracts, and which Cure Costs shall form part of the Purchase Price for the Assets;
 - (ii) each of the Parties shall use reasonable commercial efforts to obtain the AER's approval of the LTAs and registration of the License Transfers;
 - (iii) the Vendor shall hold the rights, entitlements, benefits, remedies, duties and obligations in respect of the applicable Assets in trust for the exclusive benefit of the Purchaser as bare trustee and agent;
 - (iv) the Vendor will, at the request and expense and under the direction of the Purchaser, in the name of the Vendor or otherwise as the Purchaser shall reasonably specify, take all such reasonable actions and do all such reasonable things as shall, in the reasonable opinion of the Purchaser, be necessary or desirable in order that the rights, entitlements, benefits, remedies, duties and obligations of the Vendor in respect of any applicable Assets may be enjoyed, received or performed, as the case may be, in accordance with the terms of the Title Documents and Assumed Contracts, including that all monies receivable under any Title Documents and Assumed Contracts may be received by the Purchaser and that all rights and licenses under any Title Documents and Assumed Contracts may be exercised by the Purchaser;



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- (v) the Vendor shall, no later than 30 days after receipt of funds, pay over to the Purchaser all such monies collected by the Vendor in respect of the Assets following the Closing Date, net of any unpaid related costs or expenses (including any taxes that are payable in respect of the receipt of such amounts);
 - (vi) to the extent permitted by any applicable Assumed Contract:
 - (A) the Purchaser will pay, perform and discharge the duties and obligations accruing after Closing under such Assumed Contract, on behalf of the Vendor, until such time as the effective transfer or assignment of the relevant Assumed Contract to the Purchaser; and
 - (B) the Vendor shall use reasonable commercial efforts to exercise the rights, entitlements, benefits and remedies under such Assumed Contract, on behalf of the Purchaser until such time as the effective transfer or assignment of the relevant Assumed Contract to the Purchaser, or such Assumed Contract expires or otherwise terminates;
 - (vii) the Vendor shall not have any liability as a consequence of the Vendor taking any action or causing anything to be done under this Section 2.5(a), and the Purchaser shall be responsible and liable for, and, as a separate covenant, shall hereby indemnify and save harmless the Vendor, its Affiliates and their respective Representatives against, all costs and expenses reasonably incurred by the Vendor, its Affiliates or their respective Representatives as a consequence of or in connection with this Section 2.5(a); and
 - (viii) the Vendor shall maintain its existence, and continue to be licensed, registered or otherwise qualified and authorized to conduct its affairs and carry on business as is necessary to fulfill its obligations as set out in this Section 2.5(a) until the later of: (i) the earlier of the expiry or assignment to the Purchaser of the last applicable Assumed Contract, and (ii) the AER having approved the LTAs and registered the License Transfers; *provided, however*, that the obligations of the Vendor under this Section 2.5(a) shall expire and terminate and cease to be in effect on the date that is 90 days following Closing, which time period shall be automatically extended for so long as is required until the AER confirms in writing its decision to approve or reject the last of the LTAs.
- (b) Both before and after Closing, each of the Parties shall use all commercially reasonable efforts to obtain any and all approvals required under Applicable Law and any and all material consents of Third Parties required to permit this Transaction to be completed. The Parties acknowledge that the acquisition of such consents shall not be a condition precedent to Closing. It shall be the sole obligation of the Purchaser, at the Purchaser's sole cost and expense, to provide any and all Cure Costs, financial assurances, deposits or security that may be required by Governmental Authorities or any Third Parties under the Assumed Contracts or Applicable Laws to permit the transfer of the Assets, including the Assumed Contracts, to the Purchaser.

2.6 Assumed Liabilities

Following Closing, the Purchaser shall assume, perform, discharge and pay when due all of the Assumed Liabilities. For greater certainty, the Purchaser acknowledges and agrees that the Environmental

Liabilities and Abandonment and Reclamation Obligations in respect of the Assets are future costs and obligations associated with the ownership of the Assets that are tied and connected to the ownership of the Assets such that they are inextricably linked and embedded with the Assets.

2.7 Excluded Assets

Nothing contained herein or in any agreements, instruments, or other documents to be delivered at the Closing shall be deemed to sell, transfer, assign, convey or deliver the Excluded Assets to the Purchaser or any Affiliate of the Purchaser, and the Vendor shall retain all right, title, and interest to, in, and under the Excluded Assets, and neither the Purchaser nor any Affiliate of the Purchaser shall have any liability therefor. "**Excluded Assets**" shall mean the Vendor's Interest in any and all assets (whether tangible or intangible), properties, contracts or rights of the Vendor which are not specifically included in the Assets including, for greater certainty, the following assets (whether tangible or intangible), properties and rights of the Vendor, as applicable:

- (a) any Accounts Receivable and any Cash and Cash Equivalents; and
- (b) any assets listed in Schedule E.

To the extent any Title Documents or Assumed Contracts apply to both Assets and Excluded Assets, such Title Document or Assumed Contract, as applicable, shall be assigned and transferred to Purchaser and Purchaser shall, following such assignment and transfer, hold the Title Document or Assumed Contract, as applicable, as bare trustee of Vendor (or its assignee) to the extent applicable to any Excluded Assets.

ARTICLE 3 PURCHASE PRICE

3.1 Purchase Price

The consideration payable by the Purchaser for the Assets shall be the sum of:

- (i) cash in the amount of the Cure Costs; plus,
- (ii) cash in the amount of any amounts owing on the Administrative Charge at the time of closing; plus,
- (iii) the delivery by the Purchaser of an irrevocable direction from Whitebark Energy Ltd. to the Vendor and the Proposal Trustee providing that any dividends or similar distributions that Whitebark Energy Ltd. is entitled to receive in any Restructuring Proceedings involving the Vendor be distributed for the benefit of all of the Vendor's unsecured creditors other than Whitebark Energy Ltd.; plus,
- (iv) the amount of \$336,000 (THREE HUNDRED AND THIRTY SIX THOUSAND DOLLARS), net of any cash amounts paid to satisfy the Cure Costs and Administrative Charge,

(collectively, the "**Purchase Price**").

The Purchase Price is exclusive of all applicable Transfer Taxes, which shall be the responsibility of the Purchaser in accordance with Section 4.1. The Purchase Price shall be satisfied in accordance with Sections 2.5(a)(i) and 3.3(b), and shall not be subject to any adjustment. The Purchaser and

the Vendor acknowledge and agree that the Purchase Price reflects the fair market value of the Assets as of the Closing Date, having due regard to the Environmental Liabilities connected to and embedded in the Assets that depress the value of the Assets.

3.2 Allocation of Purchase Price

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

- (a) to the Petroleum and Natural Gas Rights, 80%;
- (b) to the Tangibles, 20% less \$10.00; and
- (c) to the Miscellaneous Interests, \$10.00.

3.3 Deposit and Satisfaction of Purchase Price

- (a) The Parties acknowledge that:
 - (i) within seven (7) days of the date hereof, or such later date as the Proposal Trustee, the Vendor, and the Purchaser may agree in writing, the Purchaser will pay \$33,600 (the "**Deposit**") to the Proposal Trustee;
 - (ii) the Deposit shall be held in trust by the Vendor; and
 - (iii) the Deposit shall be held and administered by the Vendor in accordance with the terms and conditions of this Agreement (including this Section 3.3).
- (b) At Closing, the Purchase Price (other than Cure Costs, which are payable in accordance with Section 2.5(a)(i)) shall be paid and satisfied as follows:
 - (i) as to the amount of the Deposit, the Vendor shall retain the amount of the Deposit and apply such amount against the amount of the Purchase Price;
 - (ii) the delivery by the Purchaser of an irrevocable direction from Whitebark Energy Ltd. to the Vendor and the Proposal Trustee providing that any dividends or similar distributions that Whitebark Energy Ltd. is entitled to receive in any Restructuring Proceedings involving the Vendor be distributed for the benefit of all of the Vendor's unsecured creditors other than Whitebark Energy Ltd.; and
 - (iii) as to the balance of the cash portion of the Purchase Price (other than Cure Costs, which are payable in accordance with Section 2.5(a)(i)), along with any additional amounts owing in respect of applicable GST, the Purchaser shall pay to the Vendor such amount by electronic wire transfer.
- (c) If this Agreement is terminated:
 - (i) (A) pursuant to Section 13.1(a) by mutual agreement of the Parties; or (B) pursuant to Sections 13.1(b) or 13.1(c) by the Purchaser; then the Deposit shall be returned to the Purchaser; or
 - (ii) for any reason other than as contemplated in Section 3.3(c)(i), the full amount of the Deposit shall be forfeited to the Vendor;

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and, subject to Section 13.4, each Party shall be released from all obligations and liabilities under or in connection with this Agreement. In the event of termination of this Agreement under Section 3.3(c)(ii) pursuant to which the Vendor shall be entitled to retain the Deposit, the Parties agree that the amount of the Deposit, constitutes a genuine pre-estimate of liquidated damages representing the Vendor's Losses and Liabilities as a result of Closing not occurring and agree that the Vendor shall not be entitled to recover from the Purchaser any amounts that are in excess of the Deposit as a result of Closing not occurring. The Purchaser hereby waives any claim or defence that the amount of the Deposit is a penalty or is otherwise not a genuine pre-estimate of the Vendor's damages.

ARTICLE 4 TRANSFER TAXES

4.1 Transfer Taxes

The Parties agree that:

- (a) the Purchase Price does not include Transfer Taxes and the Purchaser shall be liable for and shall pay, and be solely responsible for, any and all Transfer Taxes pertaining to the Purchaser's acquisition of the Assets, which amounts shall either be paid to the Vendor on Closing or the Purchaser shall otherwise provide the Vendor with evidence of self-assessment and payment of such amounts to the relevant Governmental Authorities on or prior to Closing; and
- (b) the Purchaser shall indemnify the Vendor and its Affiliates for, from and against any Transfer Taxes (including any interest or penalties imposed by a Governmental Authority) that any of them are required to pay or for which any of them may become liable as a result of any failure by the Purchaser to self-assess, pay or remit such Transfer Taxes, other than as a result of a failure by the Vendor or its Affiliates to timely remit any amounts on account of Transfer Taxes paid by the Purchaser hereunder.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Vendor's Representations

The Vendor hereby represents and warrants to the Purchaser that:

- (a) it is a corporation duly incorporated and validly subsisting under the laws of the jurisdiction of its incorporation or formation and has the requisite power and authority to enter into this Agreement and to complete the Transaction;
- (b) except for: (i) the Court Approval and the SISP Approval; and (ii) the Licence Transfers; and (iii) any consents, approvals or waivers that are required in connection with the assignment of an Assumed Contract; the execution, delivery and performance of this Agreement by it does not and will not require any consent, approval, authorization or other order of, action by, filing with or notification to, any Governmental Authority, except where failure to obtain such consent, approval, authorization or action, or to make such filing or notification, would not prevent or materially delay the consummation by the Vendor of the Transaction;

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- (c) it is not a non-resident of Canada within the meaning of such term under the *Income Tax Act* (Canada) and is not an agent or trustee for anyone with an interest in the Assets who is a non-resident of Canada within the meaning of such term under the *Income Tax Act* (Canada) (or a partnership that is not a "Canadian partnership" within the meaning of such term under the *Income Tax Act* (Canada));
- (d) subject to the Court Approval and the SISP Approval being obtained, this Agreement has been duly executed and delivered and constitutes a legal, valid and binding obligation of it and is enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar Applicable Laws relating to creditors' rights generally and subject to general principles of equity; and
- (e) with respect to the GST imposed under the GST Legislation, the Vendor is registered under the GST Legislation and will continue to be registered at the Closing Date in accordance with the provisions of the GST Legislation and its GST registration number is 71255 2520 RT0001.

5.2 Purchaser's Representations

The Purchaser hereby represents and warrants to the Vendor that:

- (a) it is a corporation duly incorporated and validly subsisting under the laws of the jurisdiction of its incorporation or formation and has the requisite power and authority to enter into this Agreement and to complete the Transaction;
- (b) it has taken all necessary corporate or other acts to authorize the execution, delivery and performance by it of this Agreement;
- (c) neither the execution of this Agreement nor its performance by the Purchaser will result in a breach of any term or provision or constitute a default under any indenture, mortgage, deed of trust or any other agreement to which the Purchaser is a party or by which it is bound which breach could materially affect the ability of the Purchaser to perform its obligations hereunder;
- (d) except for: (i) the Court Approval and the SISP Approval; and (ii) the Licence Transfers; and (iii) any consents, approvals or waivers that are required in connection with the assignment of an Assumed Contract; the execution, delivery and performance of this Agreement by it does not and will not require any consent, approval, authorization or other order of, action by, filing with or notification to, any Governmental Authority, except where failure to obtain such consent, approval, authorization or action, or to make such filing or notification, would not prevent or materially delay the consummation by the Purchaser of this Transaction;
- (e) subject to the Court Approval and the SISP Approval being obtained, this Agreement has been duly executed and delivered by it and constitutes a legal, valid and binding obligation of the Purchaser and is enforceable against the Purchaser in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar Applicable Laws relating to creditors' rights generally and subject to general principles of equity;



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- (f) the Purchaser is not a non-Canadian Person within the meaning of the *Investment Canada Act* (Canada) nor a non-resident of Canada for the purposes of the *Income Tax Act* (Canada);
- (g) the Vendor will not be liable for any brokerage commission, finder's fee or other similar payment in connection with the Transaction because of any action taken by, or agreement or understanding reached by, the Purchaser;
- (h) on the Closing Date, the Purchaser will meet all eligibility criteria and any other requirements of Governmental Authorities to purchase and accept a transfer of the Assets, including without limiting the generality of the foregoing, the eligibility criteria and requirements of the AER under its "Licensee Liability Rating" program (or any successor program) to the Purchaser as a transferee of the Assets as contemplated hereunder, and the Purchaser is not aware of any fact or circumstance that would prevent or delay the Licence Transfers from being completed as contemplated hereunder;
- (i) with respect to the GST imposed under the GST Legislation, the Purchaser is registered under the GST Legislation and will continue to be registered at the Closing Date in accordance with the provisions of the GST Legislation and that its GST registration number is 77966 8878 RT0001;
- (j) the Purchaser is a "Canadian" within the meaning of the *Investment Canada Act* (Canada);
- (k) the Purchaser will have the financial resources necessary to pay, as and when due from the Purchaser, the Purchase Price (including the Deposit and the Cure Costs), the Transfer Taxes, its legal fees and expenses, registration costs and any other amounts payable by the Purchaser pursuant hereto; and
- (l) the Purchaser has the financial resources necessary to post or satisfy all necessary security, deposits, letters of credit, guarantees or other financial assurances necessary to take possession of the Assets and to satisfy the security required by the Assumed Contracts.

5.3 Enforcement of Representations and Warranties

- (a) The representations and warranties of each Party contained in this Agreement shall survive until Closing and shall thereafter be of no further force and effect. Effective upon the occurrence of Closing, each Party hereby releases and forever discharges each other Party from any breach of any representations and warranties set forth in this Agreement. For greater certainty, none of the representations and warranties contained in this Article 5 shall survive Closing and each Party's sole recourse for any material breach of representation or warranty by the other Party shall be for the non-breaching Party to not complete the Transaction in accordance with this Agreement.
- (b) The representations and warranties of the Vendor made herein or pursuant hereto are made for the exclusive benefit of the Purchaser, and the representations and warranties of the Purchaser made herein or pursuant hereto are made for the exclusive benefit of the Vendor, as the case may be, and are not transferable and may not be made the subject of any right of subrogation in favour of any other Person.
- (c) The Parties expressly acknowledge and agree that the provisions of this Section 5.3 and the limit on each Party's liability set out in this Section 5.3 are intended by the Parties as a



limitation of liability that represents a fair and equitable allocation of the risks and liabilities that each Party has agreed to assume in connection with the subject matter hereof and is not an agreement within the provision of subsection 7(2) of the *Limitations Act* (Alberta).

ARTICLE 6
"AS IS, WHERE IS" AND NO ADDITIONAL
REPRESENTATIONS AND WARRANTIES

6.1 Due Diligence Acknowledgement

The Purchaser acknowledges and agrees that:

- (a) it was solely responsible to perform any inspections it deemed pertinent to the purchase of the Assets and to be satisfied as to the condition of the Assets prior to entering into this Agreement with the Vendor;
- (b) notwithstanding the fact that it was permitted to review any diligence materials and disclosures provided by the Vendor, including the Data Room Information, the Vendor assumes no liability for errors or omissions in such diligence materials and disclosure or any other property listings or advertising, promotional or publicity statements and materials, and makes no representations or warranties in respect thereof;
- (c) by entering into this Agreement with the Vendor, the Purchaser shall be deemed to represent, warrant and agree with respect to the Assets that:
 - (i) the Purchaser has inspected the Assets and is familiar and satisfied with the physical condition thereof and has conducted such investigation of the Assets as the Purchaser has determined appropriate;
 - (ii) none of the Vendor, its Affiliates or its respective Representatives have made any oral or written representation, warranty, promise or guarantee whatsoever to the Purchaser, expressed or implied, and in particular, that no such representations, warranties, guarantees, or promises have been made with respect to the physical condition, operation, or any other matter or thing affecting or related to the Assets and/or the offering or sale of the Assets;
 - (iii) the Purchaser has not relied upon any representation, warranty, guarantee or promise or upon any statement made or any information provided concerning the Assets, including the Data Room Information made available to the Purchaser by the Vendor, its Affiliates or their respective Representatives;
 - (iv) the Purchaser has entered into this Agreement after having relied solely on its own independent investigation, inspection, analysis, appraisal and evaluation of the Assets and the facts and circumstances related thereto;
 - (v) any information provided or to be provided by or on behalf of the Vendor with respect to the Assets, including all Data Room Information, was obtained from information provided to the Vendor and the Vendor has not made any independent investigation or verification of such information, and makes no representations as to the accuracy or completeness of such information; and



- (vi) none of the Vendor, its Affiliates or their respective Representatives are liable or bound in any manner by any oral or written statements, representations or information pertaining to the Assets, or the operation thereof, made or furnished by any real estate broker, agent, employee, or other Person.

6.2 "As Is, Where Is", No Additional Representations

- (a) Without limiting any other provision of this Agreement, the Purchaser acknowledges and agrees that it is acquiring the Assets on an "as is, where is" and "without recourse" basis with all defects, both patent and latent, and with all faults, whether known or unknown, presently existing or that may hereafter arise. The Purchaser acknowledges and agrees that, except as expressly set forth in this Agreement, the Vendor, its Affiliates and their respective Representatives have not made, do not make and specifically negate and disclaim any representation, warranty, promise, covenant, agreement or guaranty of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning or with respect to the Assets. For greater certainty, but without limitation, except as expressly set forth in this Agreement, none of the Vendor, its Affiliates or their respective Representatives make any condition, representation or warranty whatsoever, express or implied, with respect to:
 - (i) the title and interest of the Vendor in and to the Assets;
 - (ii) the quality, quantity or recoverability of Petroleum Substances within or under the Lands or any lands pooled or unitized therewith;
 - (iii) the income to be derived from the Assets, if any;
 - (iv) any estimates of the value of the Assets or the revenues or cash flows from future production from the Lands;
 - (v) the rates of production of Petroleum Substances from the Lands;
 - (vi) the quality, condition, marketability, profitability, fitness for a particular purpose or merchantability of any tangible depreciable equipment or property interests which comprise the Assets (including the Tangibles);
 - (vii) the suitability of the Assets for any and all purposes, activities and uses which the Purchaser may desire to conduct thereon;
 - (viii) the compliance of or by the Assets or its operation with any Applicable Law (including Environmental Laws);
 - (ix) the validity or enforceability of the Assumed Contracts or the ability to assign any of the Assumed Contracts;
 - (x) any regulatory approvals, permits and licenses, consents or authorizations that may be needed to complete the purchase of the Assets contemplated by this Agreement;
 - (xi) the manner or quality of the construction or materials, if any, incorporated into the Assets;



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- (xii) the manner, quality, state of repair or lack of repair of the Assets;
 - (xiii) the existence of soil instability, past soil repairs, susceptibility to landslides, sufficiency of under-shoring, sufficiency of drainage, or any other matter affecting the stability or integrity of the Assets or any structures or improvements situated thereon;
 - (xiv) whether the Assets are located in a seismic hazards zone or a flood hazard zone;
 - (xv) the presence of pests and any damage to the Assets and/or its improvements that may have occurred as a result;
 - (xvi) the nature and quantum of the Assumed Liabilities; or
 - (xvii) any other matter with respect to the Assets.
- (b) The Purchaser acknowledges that the release and disclaimer described in this Article 6 is intended to be very broad and, except for its express rights under this Agreement, the Purchaser expressly waives and relinquishes any rights or benefits it may have under any Applicable Law designed to invalidate releases of unknown or unsuspected claims.
- (c) Except for its express rights under this Agreement, the Purchaser hereby waives all rights and remedies (whether now existing or hereinafter arising and including all common law, tort, contractual and statutory rights and remedies) against the Vendor, its Affiliates and their respective Representatives in respect of the Assets and any representations or statements made or information or data furnished to the Purchaser or its Representatives in connection herewith (whether made or furnished orally or by electronic, faxed, written or other means). Such waiver is absolute, unlimited, and includes, but is not limited to, waiver of express warranties, implied warranties, any warranties contained in the *Sale of Goods Act* (Alberta) (or similar applicable statutes, all as may be amended, repealed or replaced), warranties of fitness for a particular use, warranties of merchantability, warranties of occupancy, strict liability and claims of every kind and type, including claims regarding defects, whether or not discoverable or latent, product liability claims, or similar claims, and all other claims that may be later created or conceived in strict liability or as strict liability type claims and rights.

ARTICLE 7 RISK AND COSTS AND INSURANCE

7.1 Risk and Costs

The Assets will be at the sole risk and responsibility of the Vendor until the Closing Date, and thereafter at the sole risk and responsibility of the Purchaser.

7.2 Insurance

Any property, liability and other insurance maintained by the Vendor in relation to the Assets shall not be transferred at Closing, but shall remain the responsibility of the Vendor until the Closing Date. The Purchaser shall be responsible for placing its own property, liability and other insurance coverage with respect to the Assets in respect of the period from and after 12:01 a.m. on the Closing Date.

ARTICLE 8 INDEMNIFICATION

8.1 Indemnification Given by Purchaser

If Closing occurs, the Purchaser shall:

- (a) be liable to the Vendor, its Affiliates and their respective Representatives for; and
- (b) as a separate covenant, indemnify and save harmless the Vendor, its Affiliates and their respective Representatives from and against;

all Losses and Liabilities suffered, sustained, paid or incurred by the Vendor, its Affiliates and/or their respective Representatives related to or in connection with the Assumed Liabilities, including: (i) all Losses and Liabilities attributable to the ownership, operation, use, construction or maintenance of the Assets during the period following the Closing Date; (ii) all Losses and Liabilities arising or accruing on or after the Closing Date under any Assumed Contract as contemplated in Section 2.5(a)(vii), including any and all Cure Costs; and (iii) any other Losses and Liabilities for which the Purchaser has otherwise agreed to indemnify the Vendor pursuant to this Agreement, including pursuant to Section 9.2. The Purchaser's indemnity obligations set forth in this Section 8.1 shall survive the Closing Date indefinitely pursuant to Section 14.3.

8.2 Third Party Claims

- (a) If any of the Vendor, its Affiliates or their respective Representatives receives written notice of the commencement or assertion of any Third Party Claim for which the Purchaser is liable pursuant to this Agreement (or has otherwise agreed to indemnify the Vendor, its Affiliates or their respective Representatives against), the Vendor shall give the Purchaser reasonably prompt notice thereof, but in any event no later than ten (10) days after receipt of such notice of such Third Party Claim. Such notice to the Purchaser shall describe the Third Party Claim in reasonable detail and shall indicate, if reasonably practicable, the estimated amount (or the method of computation of the amount) of the Losses and Liabilities that has been or may be sustained by the Vendor, its Affiliates or their Representatives, respectively, and a reference to the provisions of this Agreement, or other applicable document, upon which such claim is based.
- (b) The Purchaser may assume the carriage and control of the defence of any Third Party Claim by giving notice to that effect to the Vendor, not later than ten (10) days after receiving notice of that Third Party Claim (the "**Notice Period**") so long as: (i) the Purchaser first acknowledges to the Vendor, in writing, liability to the Vendor, its Affiliates and/or their respective Representatives, under this Agreement with respect to such Third Party Claim and that the outcome of such Third Party Claim does not alter or diminish the Purchaser's obligation to indemnify the Vendor, its Affiliates and/or their respective Representatives, pursuant to this Agreement, subject to the Purchaser's right to contest in good faith the Third Party Claim; (ii) the Purchaser has the financial resources to defend against the Third Party Claim and fulfill any indemnification obligations and has provided the Vendor, its Affiliates and/or their respective Representatives, with evidence thereof; (iii) the Third Party Claim involves monetary damages; and (iv) the Purchaser thereafter pursues the defence or settlement of the Third Party Claim actively and diligently. The Purchaser's right to do so shall be subject to the rights of any insurer or other third party who has potential liability in respect of that Third Party Claim. The Purchaser shall pay all of its



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own expenses of participating in or assuming such defence. In the event that the Purchaser elects to assume the carriage and control of the defence of a Third Party Claim pursuant to this Section 8.2(b), then the Vendor shall, or shall cause its Affiliates and/or their respective Representatives to, cooperate in good faith in the defence of each Third Party Claim and may participate in such defence assisted by counsel of its own choice at its own expense.

- (c) If the Vendor has not received notice within the Notice Period that the Purchaser has elected to assume the carriage and control of the defence of such Third Party Claim in accordance with Section 8.2(b), or if the Purchaser has given such notice but thereafter fails or is unable to pursue the defence or settlement of such Third Party Claim actively and diligently, the Vendor, its Affiliates and/or their respective Representatives, may, at their option, elect to settle or compromise the Third Party Claim on terms of its choosing, or assume such defence assisted by counsel of its own choosing, and the Purchaser shall be liable for all reasonable costs and expenses paid or incurred in connection therewith and any Losses and Liabilities suffered or incurred by the Vendor, its Affiliates and/or their respective Representatives with respect to such Third Party Claim.

8.3 Failure to Give Timely Notice

Notwithstanding that time is of the essence, a failure to give timely notice as provided in this Article 8 shall not affect the rights or obligations of any Party except and only to the extent that, as a result of such failure, any Party which was entitled to receive such notice was deprived of its right to recover any payment under any applicable insurance coverage or was otherwise prejudiced as a result of such failure.

8.4 No Merger

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

8.5 Third Party Beneficiary

The Vendor's Representatives and the Vendor's Affiliates, and all of their respective Representatives are intended third party beneficiaries of this Article 8 and shall have the right, power and authority to enforce the provisions hereof as though they were each a party hereto. The Purchaser further agrees to execute such agreements as may be reasonably requested by such Persons in connection with these provisions that are consistent with this Article 8 or that are reasonably necessary to give further effect thereto.

ARTICLE 9 ENVIRONMENTAL MATTERS

9.1 Acknowledgements Regarding Environmental Condition

The 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. The 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 the Vendor has provided the Purchaser with a reasonable opportunity to inspect the Assets at the sole cost, risk and expense of the Purchaser (insofar as the Vendor could reasonably provide such access) and that the Purchaser is not relying upon any representation or warranty of the Vendor, any of the Vendor's Affiliates, or any of their respective Representatives as to the environmental

condition of the Assets, or any Environmental Liabilities or Abandonment and Reclamation Obligations in respect thereof.

9.2 Assumption of Environmental Liabilities

If Closing occurs, the Purchaser shall:

- (a) be liable to the Vendor, its Affiliates and their respective Representatives for; and
- (b) as a separate covenant, indemnify and save harmless the Vendor, its Affiliates and their respective Representatives from and against;

all Losses and Liabilities suffered, sustained, paid or incurred by the Vendor, its Affiliates or their respective Representatives as a result of any matter or thing arising out of, attributable to or connected with any Environmental Liabilities or any Abandonment and Reclamation Obligations. Once Closing has occurred, the Purchaser shall be solely responsible for all Environmental Liabilities and all Abandonment and Reclamation Obligations as between the Vendor (on one hand) and the Purchaser (on the other hand) including whether occurring or accruing prior to, on or after the Closing Date, and hereby releases the Vendor, its Affiliates and their respective Representatives from any claims the Purchaser may have against the Vendor with respect to all such Environmental Liabilities and Abandonment and Reclamation Obligations. Without restricting the generality of the foregoing, the 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 Tangibles.

ARTICLE 10 COVENANTS

10.1 Court Filings

- (a) From and after the date of execution of this Agreement and until the Closing Date, the Vendor shall use commercially reasonable efforts to deliver to the Purchaser copies of all pleadings, motions, notices, statements, schedules, applications, reports and other papers that relate, in whole or in part, to this Agreement, or to the Purchaser or its Representatives, that are to be filed by the Vendor in connection with the Court Approval in advance of their filing, before the filing of such papers, and shall provide the Purchaser with a reasonable opportunity to review and comment thereon.
- (b) The Vendor shall act reasonably and in good faith in considering any comments provided by the Purchaser to such papers; *provided, however* that, subject in each case to the foregoing good faith obligations of the Vendor, the Vendor shall have no obligation to accept and incorporate the Purchaser's comments to such papers and neither the Vendor's inadvertent failure to comply with this Section 10.1, nor the Vendor's failure to comply with this Section 10.1 due to emergency circumstances, shall constitute a breach under this Agreement.

10.2 Conduct of Business Until Closing

- (a) Except: (A) as expressly provided in this Agreement; (B) with the prior written consent of the Purchaser (not to be unreasonably withheld, conditioned or delayed); (C) as necessary or advisable in connection with the Bankruptcy Proceedings; or (D) as otherwise provided in the Sale Order or any other order of the Court in connection with the Bankruptcy

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Proceedings; following the date hereof and prior to Closing, to the extent reasonably practicable having regard to the Bankruptcy Proceedings, the Vendor shall use commercially reasonable efforts to:

- (i) maintain the Assets, or cause the Assets to be maintained, in accordance with good industry practice, and in material compliance with all Applicable Laws, the directions of Governmental Authorities and the terms and conditions of the Assumed Contracts;
 - (ii) pay or cause to be paid all costs and expenses relating to the Assets which become due from the date hereof to the Closing Date;
 - (iii) not sell, pledge, assign, lease, license, or cause, permit, or suffer the imposition of any Encumbrance (other than Permitted Encumbrances) on, or otherwise dispose of, any of the Assets, except in the ordinary course of normal day-to-day operations of the Assets, consistent with past practices;
 - (iv) not make any commitment or propose, initiate or authorize any capital expenditure with respect to the Assets in excess of Twenty-Five Thousand Dollars (\$25,000), except in case of an emergency; or
 - (v) not authorize or agree, in writing or otherwise, to take any of the actions in respect of the foregoing.
- (b) Until the Closing Date, the Vendor shall provide the Purchaser and its Representatives with all access to the Assets as reasonably required by the Purchaser in order to allow for and assist the Purchaser with its due diligence and an orderly passing of the Assets to the Purchaser following Closing in accordance herewith, such access including:
- (i) physical field inspection;
 - (ii) environmental review; and
 - (iii) title review and review of the terms and conditions of the Title Documents and operating documents pursuant to which the Vendor owns its interest in the Assets, and any associated material contracts.
- (c) The access to the Assets to be afforded to the Purchaser and its Representatives pursuant to this Section 10.2 will be subject to the Assumed Contracts and all of the Vendor's site entry protocols, health, safety and environmental rules, policies and procedures. Further, the Purchaser acknowledges and agrees that it shall:
- (i) be solely liable and responsible for any and all Losses and Liabilities which the Vendor, its Affiliates or their respective Representatives may suffer, sustain, pay or incur; and
 - (ii) as a separate covenant, indemnify and save harmless the Vendor, its Affiliates and their respective Representatives harmless from any and all Claims or Losses and Liabilities whatsoever which may be brought against, suffered by or incurred by the Vendor, its Affiliates or their respective Representatives;



arising out of, resulting from, attributable to or in any way connected with any access provided to the Purchaser or its Representatives pursuant to this Section 10.2.

10.3 ROFRs

- (a) The Vendor and Purchaser shall use commercially reasonable efforts to identify the Assets which are the subject of ROFRs as soon as reasonably practicable following the date hereof, and in any event prior to Closing. Promptly following the identification of Assets which are the subject of ROFRs, if any, the Purchaser shall provide the Vendor with its bona fide allocation of the amount of the Purchase Price attributable to each of such Assets which are subject to a ROFR.
- (b) The Vendor shall courier ROFR notices to the Third Parties holding such ROFRs promptly following the receipt of Purchaser's allocation of the Purchase Price attributable thereto pursuant to Section 10.3(a). The Vendor shall utilize the Purchaser's allocation of the Purchase Price attributable to the Assets subject to ROFRs for purposes of preparing and issuing the ROFR notices. The Vendor shall notify the Purchaser in writing forthwith upon each Third Party exercising or waiving such a ROFR.
- (c) If any such Third Party elects to exercise such a ROFR, then:
 - (i) the definition of Assets shall be deemed to be amended to exclude those Assets in respect of which the ROFR has been exercised;
 - (ii) such Assets shall not be conveyed to the Purchaser; and
 - (iii) any proceeds received by the Vendor from a Third Party in respect of the sale and conveyance of any Assets which are subject to a ROFR shall be deemed to form part of the Excluded Assets, and the Purchase Price shall not be subject to any reduction in the event of the exercise of any such ROFR by a Third Party.
- (d) In the event that a Third Party exercises a ROFR and is then unable or unwilling to enter into a conveyance agreement with the Vendor for the relevant Assets, the Purchaser agrees to accept a conveyance of such Assets under the same terms and conditions as this Agreement to whatever extent possible.
- (e) Closing shall not be delayed even though certain of the ROFRs are outstanding and capable of exercise by the holders thereof as of the Closing Date (such ROFRs being referred to as "**Outstanding ROFRs**"). In such case, the following procedures shall apply:
 - (i) the Parties shall proceed with Closing (for greater certainty without any reduction in the Purchase Price for the Outstanding ROFRs, and without variation of any other terms or conditions of this Agreement);
 - (ii) the Purchaser shall prepare all Specific Conveyances and other closing documentation required for the sale of the Assets subject to the Outstanding ROFRs (the "**Outstanding ROFR Assets**");
 - (iii) if an Outstanding ROFR is exercised by a Third Party, the Vendor will promptly notify the Purchaser thereof in writing, the Specific Conveyances and other closing documentation related to such Outstanding ROFR Assets will be of no force or



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effect and shall be destroyed by the Purchaser, and the provisions of Section 10.3(c) shall apply to the Assets which are the subject of the Outstanding ROFR being exercised by the Third Party, *mutatis mutandis*;

- (iv) if after Closing an Outstanding ROFR is extinguished by lapse of time, waiver or otherwise (other than as a result of being exercised), the Vendor will promptly notify the Purchaser thereof in writing and promptly deliver executed copies of the Specific Conveyances and closing documentation previously prepared to the Purchaser, and such documentation shall be effective and the sale of such Outstanding ROFR Assets to Purchaser pursuant hereto shall be deemed to have closed on the Closing Date.

10.4 Document Review

Prior to Closing, Vendor shall provide Purchaser with reasonable access to the Title Documents and other Miscellaneous Interests in the possession or under the control of Vendor for the purpose of verifying the continued validity and effect of the Title Documents, the identification of Assets the subject of ROFRs, the preparation of Specific Conveyances and other matters related to this Agreement and the Transaction.

ARTICLE 11 CONDITIONS

11.1 Mutual Conditions

The respective obligations of the Parties to complete the purchase and sale of the Assets are subject to the following conditions being fulfilled or performed as at or prior to the Closing Date:

- (a) the Court shall have granted the Sale Order and the Sale Order shall be a Final Order;
- (b) no Governmental Authority shall have enacted, issued or promulgated any final or non-appealable order or Applicable Law subsequent to the date hereof which has the effect of: (i) making any of the transactions contemplated by this Agreement illegal; or (ii) otherwise prohibiting, preventing or restraining the Vendor from the sale of the Assets; and
- (c) the Closing is not otherwise prohibited by Applicable Law;

The foregoing conditions are for the mutual benefit of the Vendor and the Purchaser and may be asserted by the Vendor or the Purchaser regardless of the circumstances and may be waived only with the agreement of the Vendor and the Purchaser, provided, however, that the Sale Order condition set out in Section 11.1(a) may not be waived by the Parties.

11.2 Conditions for the Benefit of the Purchaser

The obligation of the Purchaser to complete the purchase of the Assets is subject to the following conditions being fulfilled or performed as at or prior to the Closing Date:

- (a) all representations and warranties of the Vendor contained in Section 5.1 of this Agreement shall be true and correct in all material respects as at the Closing Date with the same force and effect as if made at and as of such time, and the Vendor shall have delivered to the

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Purchaser a certificate to that effect substantially similar in form to that attached hereto as Schedule D;

- (b) the Vendor shall have complied with and performed, in all material respects, all of its covenants and obligations contained in this Agreement;
- (c) upon Closing, the Assets shall not be subject to any Encumbrances for, or in respect of, municipal taxes or other tax Claims; and
- (d) the Vendor shall have executed and delivered or caused to have been executed and delivered to the Purchaser at or before the Closing all the documents contemplated in Section 12.2.

The foregoing conditions are for the exclusive benefit of the Purchaser and may be waived by it in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Purchaser may have.

11.3 Conditions for the Benefit of the Vendor

The obligation of the Vendor to complete the sale of the Assets is subject to the following conditions being fulfilled or performed as at or prior to the Closing Date:

- (a) all representations and warranties of the Purchaser contained in Section 5.2 of this Agreement shall be true and correct in all material respects as at the Closing Date with the same force and effect as if made at and as of such time, and the Purchaser shall have delivered to the Vendor a certificate to that effect substantially similar in form to that attached hereto as Schedule D;
- (b) the Purchaser shall have complied with and performed in all material respects all of its covenants and obligations contained in this Agreement;
- (c) the Purchaser shall have executed and delivered or caused to have been executed and delivered to the Vendor at or before the Closing all the documents contemplated in Section 12.3; and
- (d) the Vendor has not lost its ability to convey the Assets due to an order of the Court.

The foregoing conditions are for the exclusive benefit of the Vendor and may be waived by it in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Vendor may have.

11.4 Satisfaction of Conditions

Each of the Parties shall proceed diligently and in good faith and use all commercially reasonable efforts to fulfill and assist in the fulfillment of the conditions set forth in Sections 11.1, 11.2 and 11.3. In addition, each of the Parties agrees not to take any action that could reasonably be expected to preclude, delay or have an adverse effect on the Transaction or would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect.



ARTICLE 12
CLOSING

12.1 Closing Date

Subject to the conditions set out in this Agreement, the Transaction shall close and be completed on the Closing Date, or at such other time as the Parties may agree in writing.

12.2 Deliveries on Closing by the Vendor

The Vendor shall deliver (or cause to be delivered) to the Purchaser's Solicitor on or before the Closing Date:

- (a) a Court certified copy of the Sale Order;
- (b) the General Conveyance, Assignment and Assumption Agreement duly executed by the Vendor;
- (c) all documents listed in Section 12.3 which contemplate execution by the Vendor;
- (d) the certificate of the Vendor referred to in Section 11.2(a); and
- (e) any other deeds, conveyances, assurances, transfers, assignments, instruments, documents, resolutions and certificates as are referred to in this Agreement or as the Purchaser may reasonably require to give effect to this Agreement.

12.3 Deliveries on Closing by the Purchaser

The Purchaser shall deliver (or cause to be delivered) to the Vendor's Solicitor on or before the Closing Date:

- (a) payment of the Purchase Price in trust to the Proposal Trustee (other than Cure Costs, which are payable in accordance with Section 2.5(a)(i)) in accordance with Section 3.3(b) hereof;
- (b) payment of all Transfer Taxes payable on Closing to the Vendor or the Vendor's Solicitors (or evidence of self-assessment and payment by the Purchaser thereof to the relevant Governmental Authorities);
- (c) the General Conveyance, Assignment and Assumption Agreement duly executed by the Purchaser;
- (d) all documents listed in Section 12.2 which contemplate execution by the Purchaser;
- (e) the certificate of the Purchaser referred to in Section 11.3(a);
- (f) any other deeds, conveyances, assurances, transfers, assignments, instruments, documents, resolutions and certificates as are referred to in this Agreement or as the Vendor may reasonably require to give effect to this Agreement.



**ARTICLE 13
TERMINATION**

13.1 Grounds for Termination

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

- (a) by the written agreement of the Vendor and the Purchaser, provided however that if this Agreement has been approved by the Court, any such termination shall require the approval of the Court;
- (b) by the Purchaser, upon written notice to the Vendor, if there has been a material breach by the Vendor of any material representation, warranty or covenant contained in this Agreement, which breach has not been waived by the Purchaser, and: (i) such breach is not curable and has rendered the satisfaction of any condition in Section 11.2 impossible by the Outside Date; or (ii) if such breach is curable, the Purchaser has provided prior written notice of such breach to the Vendor, and such breach has not been cured within ten (10) days (or, if not curable within ten (10) days, such longer period as is reasonable under the circumstances, not to exceed thirty (30) days) following the date upon which the Vendor received such notice;
- (c) by the Purchaser, upon written notice to the Vendor, any time after the Outside Date, if the Closing has not occurred by the Outside Date and such failure to close was not caused by or as a result of the Purchaser's breach of this Agreement;
- (d) by the Vendor, upon written notice to the Purchaser, if there has been a material breach by the Purchaser of any material representation, warranty or covenant contained in this Agreement, which breach has not been waived by the Vendor, and: (i) such breach is not curable and has rendered the satisfaction of any condition in Section 11.3 impossible by the Outside Date; or (ii) if such breach is curable, the Vendor has provided prior written notice of such breach to the Purchaser, and such breach has not been cured within ten (10) days (or, if not curable within ten (10) days, such longer period as is reasonable under the circumstances, not to exceed thirty (30) days) following the date upon which the Purchaser received such notice; or
- (e) by the Vendor, upon written notice to the Purchaser, any time after the Outside Date, if the Closing has not occurred by the Outside Date and such failure to close was not caused by or as a result of the breach of this Agreement by the Vendor.

13.2 Automatic Termination

This Agreement shall terminate automatically, without any further action by either the Vendor or the Purchaser, if the Vendor accepts a Superior Offer pursuant to the SISF. For greater certainty, without limiting the generality of the foregoing, the Purchaser shall be entitled to the Break Fee if this Agreement terminates pursuant to this Section 13.2.

13.3 Break Fee and Expense Reimbursement Amount

Inconsideration of the Purchaser and its affiliates having expended time and expense in connection with this Agreement, and the identification and quantification of assets to be included in the Assets, and to compensate the Purchaser as a stalking-horse bidder under the SISF, if this Agreement is terminated, other



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than due to a material breach of this Agreement by the Purchaser pursuant to Section 13.1(d), and (A) a Superior Offer is accepted or (B) any other sale of assets or proposal occurs within the NOI Proceedings that (I) results in a change of control of the Vendor, or (II) provides cash on closing to the Vendor greater than the cash component of the Purchase Price hereunder, then the Vendor shall pay to the Purchaser in cash immediately following the closing of such transaction:

- (i) the Break Fee; and,
- (ii) the Expense Reimbursement Amount, not to exceed \$25,000,

as consideration for the disposition of the Purchaser's rights under this Agreement. For greater certainty, the Vendor's obligation to pay the Break Fee and the Expense Reimbursement Amount to the Purchaser shall survive the termination of this Agreement.

13.4 Effect of Termination

Notwithstanding any termination of this Agreement as permitted under Section 13.1, Section 13.2, or as otherwise provided for in this Agreement, the provisions of Sections 3.3 (Deposit), 10.2(c)(ii) (Indemnification), 13.3 (Break Fee and Expense Reimbursement Amount), 14.1 (Public Announcements), 14.4 (Governing Law), 14.5 (Consequential Damages), 14.11 (Costs and Expenses) and 14.15 (Third Party Beneficiaries) shall remain in full force and effect following any such permitted termination, and the Deposit shall be governed by Section 3.3.

ARTICLE 14 GENERAL

14.1 Public Announcements

- (a) Subject to Section 14.1(b), if a Party intends to issue a press release or other public disclosure of this Agreement, the terms hereof or the Transaction, the disclosing Party shall provide the other Parties with an advance copy of any such press release or public disclosure with sufficient time to enable the other Parties to review such press release or other public disclosure and provide any comments. The disclosing Party shall not issue such press release or other public disclosure without the prior written consent of the other Parties, such consent not to be unreasonably withheld.
- (b) Notwithstanding Section 14.1(a): (i) this Agreement may be filed by the Vendor with the Court; and (ii) the Transaction may be disclosed by the Vendor to the Court, subject to redacting confidential or sensitive information as permitted by Applicable Law. The Parties further agree that:
 - (i) the Vendor may prepare and file reports and other documents with the Court containing references to the Transaction and the terms of the Transaction; and
 - (ii) the Vendor and its professional advisors may prepare and file such reports and other documents with the Court containing references to the Transaction contemplated by this Agreement and the terms of such Transaction as may reasonably be necessary to obtain the Court Approval and the SISP Approval and to complete the Transaction contemplated by this Agreement or to comply with their obligations to the Court.

14.2 Dissolution of Vendor

Subject to the Vendor's obligations in Section 2.5, the Purchaser acknowledges and agrees that nothing in this Agreement shall operate to prohibit or diminish in any way the right of the Vendor or any of its Affiliates to cause the dissolution or wind-up of the Vendor subsequent to the Closing Date, or otherwise cause or allow the Vendor to cease operations in any manner or at any time subsequent to the Closing Date as the Vendor may determine in its sole discretion, which may be exercised without regard to the impact any such action may have on the Vendor's ability to fulfil its obligations under this Agreement that survive Closing.

14.3 Survival

Upon Closing, the obligations, covenants, representations and warranties of the Parties set out in this Agreement shall expire, be terminated and extinguished and of no further force or effect, provided that notwithstanding the Closing contemplated hereunder or the delivery of documents pursuant to this Agreement, the obligations and covenants of the Parties set out in Section 2.3 (AER Licence Transfers), Section 2.3 (Assignment of Assumed Contracts and Third Party Consents), Section 2.4 (Specific Conveyances), Section 5.3 (Enforcement of Representations and Warranties), Section 10.2(c)(ii) (Indemnification), Section 10.3 (ROFRs) and 3.3(c)(i) (Transfer Taxes), Article 6 ("As Is, Where Is" and No Additional Representations and Warranties), Article 8 (Indemnification), Article 9 (Environmental Matters) and Article 14 (General), shall survive Closing, shall remain in full force and effect, shall not merge as a result of Closing and shall be binding on the Parties indefinitely thereafter except as expressly stated to the contrary therein or otherwise in accordance with Applicable Laws.

14.4 Governing Law

- (a) This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta, and the federal laws of Canada applicable therein (excluding any conflict of law rule or principle of such laws that might refer such interpretation or enforcement to the laws of another jurisdiction). The Parties consent to the jurisdiction and venue of the courts of Alberta for the resolution of any such dispute arising under this Agreement.
- (b) Notwithstanding Section 14.4(a), any and all documents or orders that may be filed, made or entered in the NOI Proceedings, and the rights and obligations of the Parties thereunder, including all matters of construction, validity and performance thereunder, shall in all respects be governed by, and interpreted, construed and determined in accordance with the laws of the Province of Alberta. The Parties consent to the jurisdiction and venue of the Court, as applicable, for the resolution of any such disputes, regardless of whether such disputes arose under this Agreement. Each Party agrees that service of process on such Party as provided in Section 14.13 shall be deemed effective service of process on such Party.

14.5 Consequential Damages

Under no circumstance shall any of the Parties, their Representatives or their respective directors, officers, employees or agents be liable for any punitive, exemplary, consequential or indirect damages (including for greater certainty, any loss of profits) (collectively, "**Consequential Damages**") that may be alleged to result in connection with, arise out of, or relate to this Agreement or the Transaction, other than Consequential Damages for which the Purchaser is liable as a result of a Third Party Claim (which liability shall be subject to and recoverable under Article 8 (Indemnification)). For greater certainty, the Parties

agree that none of the Parties, their respective Affiliates or their respective Representatives shall be liable for any lost profits whatsoever, whether such lost profits are considered to be direct, consequential or indirect losses, and regardless of whether such lost profits were foreseeable by the Parties at any time or whether such lost profits were the direct and natural result of a Party's breach of its obligations under this Agreement.

14.6 Further Assurances

Each of the Parties from and after the date hereof shall, from time to time, and at the request and expense of the Party requesting the same, do all such further acts and things and execute and deliver such further instruments, documents, matters, papers and assurances as may be reasonably requested to complete the Transaction and for more effectually carrying out the true intent and meaning of this Agreement.

14.7 Assignment

The Purchaser shall not, without the Vendor's prior written consent, assign any right or interest in this Agreement, which consent may be withheld in the Vendor's sole and absolute discretion, except that the Purchaser shall have the right to assign any or all of its rights, interests or obligations hereunder to one or more Affiliates of the Purchaser, provided that: (a) such Affiliate agrees to be bound by the terms of this Agreement; (b) the Purchaser shall remain liable hereunder for any breach of the terms of this Agreement by such Affiliate; (c) such assignment shall not release the Purchaser from any obligation or liability hereunder in favour of the Vendor; and (d) the Purchaser shall acknowledge and confirm its continuing obligations in favour of the Vendor in an assignment and assumption agreement in form and substance satisfactory to the Vendor.

14.8 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.

14.9 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.

14.10 Time of the Essence

Time is of the essence in this Agreement.

14.11 Costs and Expenses

Unless otherwise provided for in this Agreement, each Party shall be responsible for all costs and expenses (including the fees and disbursements of legal counsel, bankers, investment bankers, accountants, brokers and other advisors) incurred by it in connection with this Agreement and the Transaction.



Notwithstanding any other provision of this Agreement, the Purchaser shall pay the cost of all surveys, title insurance policies and title reports ordered by the Purchaser.

14.12 Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and cancel and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect to the subject matter hereof. There are no conditions, covenants, agreements, representations, warranties or other provisions, whether oral or written, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof other than those contained in this Agreement.

14.13 Notices

Any notice, direction or other communication given regarding the matters contemplated by this Agreement must be in writing, sent by personal delivery, courier or electronic mail and addressed:

- (a) in the case of the Vendor:

Salt Bush Energy Ltd.
600, 815 - 8th Avenue SW
Calgary, Alberta T2P 3P2

Attention: Bill Smith, Q.C.
Email: bill@smithlawcorp.ca

With a copy to the Vendor's Solicitors:

George Lepine Professional Corporation
438 Edgebrook Grove NW
Calgary, AB T3A 5T4

Attention: George Lepine
Email: george@gvllaw.ca

- (b) In the case of the Purchaser:

Ironbark Energy Ltd.
600, 815 - 8th Avenue SW
Calgary, Alberta T2P 3P2

Attention: David Messina
Email: David.Messina@whitebarkenergy.com

A notice is deemed to be given and received if: (i) sent by personal delivery or courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day; or (ii) email, on the date of transmission if it is a Business Day and the transmission was made prior to 4:00 p.m. (local time in place of receipt), and otherwise on the next Business Day. A Party may change its address for service from time to time by providing a notice in accordance with the foregoing. Any subsequent notice must be sent to the Party at its changed address.

Any element of a Party's address that is not specifically changed in a notice will be assumed not to be changed. **Sending a copy of a notice to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice to that Party. The failure to send a copy of a notice to legal counsel does not invalidate delivery of that notice to a Party.**

14.14 Enurement

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

14.15 Third Party Beneficiaries

Except as otherwise provided for in this Agreement, each Party intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person other than the Parties and their successors and permitted assigns and, except as otherwise provided for in this Agreement, no Person, other than the Parties and their successors and permitted assigns shall be entitled to rely on the provisions hereof in any action, suit, proceeding, hearing or other forum. The Purchaser acknowledges to the Vendor, its Affiliates and their respective Representatives their direct rights against the Purchaser under this Agreement. To the extent required by Applicable Law to give full effect to these direct rights, the Purchaser agrees and acknowledges that the Vendor is acting as agent and/or as trustee of its Representatives, its Affiliates and their respective Representatives.

14.16 Severability

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provision validity or enforceability in any other jurisdiction.

14.17 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by facsimile or other electronic means of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

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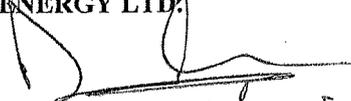


IN WITNESS WHEREOF this Agreement has been properly executed by the Parties as of the date first above written.

SALT BUSH ENERGY LTD

Per: 
Name: David Messinger
Title: President

IRONBARK ENERGY LTD:

Per: 
Name: David Messinger
Title: President

Per: _____
Name:
Title:



SCHEDULE A

Assets Listing

Part 1 – Lands

(attached)

Part 2 – Wells, Facilities, Pipelines and Tangibles

(attached)



SCHEDULE B
Form of Sale Order
(attached)



SCHEDULE C

Form of General Conveyance, Assignment and Assumption Agreement

GENERAL CONVEYANCE, ASSIGNMENT, AND ASSUMPTION AGREEMENT

THIS General Conveyance, Assignment, and Assumption Agreement (this "**Agreement**") is made as of the [●] day of [●], 2021.

AMONG:

SALT BUSH ENERGY LTD. (the "**Vendor**")

- and -

IRONBARK ENERGY LTD., a corporation existing under the laws of Alberta (the "**Purchaser**")

RECITALS:

- A. In accordance with the terms of that certain Asset Purchase and Sale Agreement dated as of February 2, 2021, by and between the Vendor and the Purchaser (the "**Purchase Agreement**"), the Vendor has agreed to sell, assign, and transfer the Assets to the Purchaser and the Purchaser has agreed to purchase the Assets from the Vendor;
- B. the Purchaser has agreed to assume the Assumed Liabilities; and
- C. this Agreement is delivered pursuant to the Purchase Agreement.

NOW THEREFORE, for good and valuable consideration now paid by the Purchaser to the Vendor pursuant to the Purchase Agreement (the receipt and sufficiency of which is hereby acknowledged by the Vendor) the parties hereto agree as follows:

1. Definitions

All capitalized terms used but not otherwise defined in this Agreement shall have the meaning ascribed to such terms in the Purchase Agreement.

2. Certain Rules of Interpretation

- (i) In this Agreement, unless the context requires otherwise, words in one gender include all genders and words in the singular include the plural and vice versa.
- (ii) The division of this Agreement into Sections and the inclusion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.
- (iii) The terms "hereof," "hereunder," and similar expressions refer to this Agreement and not to any particular Section or other portion of this Agreement.
- (iv) Unless something in the subject matter or context is inconsistent therewith, references herein to "Sections" are to sections of this Agreement.



- (v) The language used in this Agreement is the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party.

3. Conveyance

The Vendor hereby sells, transfers, assigns, conveys and delivers to the Purchaser, and the Purchaser hereby purchases, accepts and receives from the Vendor, upon the terms and subject to the conditions of the Purchase Agreement, the Vendor's Interest in and to the Assets, free and clear of any and all Encumbrances of any and every kind, nature, and description, other than Permitted Encumbrances, as applicable, with effect as of the Closing on the date hereof, to have and to hold the Assets and all such right, title, interest, property, claim, and demand unto and to the use of the Purchaser.

4. Assumption of Assumed Liabilities

Effective as of the Closing on the date hereof, the Purchaser hereby assumes and agrees to pay, perform, and discharge, when due, the Assumed Liabilities.

5. Further Assurances

Each of the Parties hereto from and after the date hereof shall, from time to time, and at the request and expense of the Party requesting the same, do all such further acts and things and execute and deliver such further instruments, documents, matters, papers and assurances as may be reasonably requested to complete the Transaction and for more effectually carrying out the true intent and meaning of this Agreement.

6. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta, and the federal laws of Canada applicable therein (excluding any conflict of law rule or principle of such laws that might refer such interpretation or enforcement to the laws of another jurisdiction). The Parties consent to the jurisdiction and venue of the courts of Alberta for the resolution of any such dispute arising under this Agreement.

7. Entire Agreement

This Agreement, the Purchase Agreement, and the documents referred to therein and contemplated thereby constitute the entire agreement between the Parties with respect to the subject matter hereof and cancel and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect to the subject matter hereof. There are no conditions, covenants, agreements, representations, warranties or other provisions, whether oral or written, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof other than those contained in this Agreement, the Purchase Agreement, and the documents referred to therein and contemplated thereby.

8. Successors and Assigns

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



9. Counterparts

This Agreement may be executed in two or more counterparts, each of which will be deemed an original and all of which together will constitute one instrument. Delivery by facsimile or by electronic transmission in portable document format (PDF) of an executed counterpart of this Agreement is as effective as delivery of an originally executed counterpart of this Agreement.

10. Amendments

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. Any amendment effected in accordance with this Section 10 will be binding upon the Parties and their respective successors and permitted assigns.

11. Paramountcy

This Agreement is delivered pursuant to, and is subject to, all of the terms and conditions contained in the Purchase Agreement. In the event of any inconsistency between the provisions of this Agreement and the provisions of the Purchase Agreement, the provisions of the Purchase Agreement shall prevail.

12. Severability

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provision validity or enforceability in any other jurisdiction.

[Signature Page Follows.]



IN WITNESS WHEREOF this Agreement has been properly executed by the Parties as of the date first above written.

SALT BUSH ENERGY LTD.

Per: _____
Name:
Title:

IRONBARK ENERGY LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:



SCHEDULE D

Form of Bring-Down Certificate

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

RE: Agreement of Purchase and Sale dated February 2, 2021 between the Vendor and the 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 Section [5.1 / 5.2] 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 Transaction.

IN WITNESS WHEREOF I have executed this Certificate this _____ day of _____, 2021.

[Name of Vendor/Purchaser]

Per: _____
Name:
Title:



SCHEDULE E

Excluded Assets

A handwritten mark or signature in the bottom right corner of the page, consisting of a looped shape with a small tail.

This is Exhibit "E" referred to in the Affidavit of David Messina
sworn before me by two-way video conference this 3rd day of February, 2021.

A Commissioner for Oaths in and for the Province of Alberta

A handwritten mark or signature, possibly a stylized 'G' or a similar symbol, located in the bottom right corner of the page.

Debtor-in-Possession Financing Term Sheet

WHEREAS on January 13, 2021 (the "**Filing Date**"), Salt Bush Energy Ltd. (the "**Borrower**") filed a Notice of Intention to Make a Proposal under and pursuant to Division I of Part III of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"), and Deloitte Restructuring Inc. was approved as the proposal trustee (in such capacity, the "**Proposal Trustee**") of the Borrower;

AND WHEREAS the Borrower has requested that the Lender (as defined hereinafter) provide interim financing to the Borrower during the pendency of the Division I proceedings commenced by the Borrower (the "**NOI Proceedings**");

AND WHEREAS the Borrower intends to seek the approval of this term sheet (the "**Term Sheet**"), as may be amended in accordance with the terms set forth herein, pursuant to an order (the "**Charging Order**") to be obtained from the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "**Court**");

AND WHEREAS in connection with the NOI Proceedings, and the Sale and Investment Solicitation Procedures (the "**SISP**") anticipated to be approved thereunder, Whitebark Energy Ltd. (the "**Lender**") has agreed to provide financing to the Borrower as described in this Term Sheet on and subject to the terms and conditions set forth herein;

NOW THEREFORE, the parties, in consideration of the foregoing and the mutual covenants contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

1.	Borrower	Salt Bush Energy Ltd. The Borrower, as primary obligor, unconditionally guarantees and covenants with the Lender the punctual payment of all amounts owing by the Borrower when due and the performance by the Borrower of all other covenants and obligations arising under or in connection with this Term Sheet and/or the DIP Facility (as defined hereinafter), including but not limited to all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Lender pursuant to this Term Sheet as and when the same become due and payable according to the terms hereof.
2.	Lender	Whitebark Energy Ltd.
3.	Guarantors	There shall not be any guarantors under this Term Sheet.
4.	Facility Type	A senior secured, super-priority, debtor-in-possession, interim, non-revolving credit facility (the " DIP Facility ").

5.	Currency	All references to monetary amounts in this Term Sheet shall be deemed to be references to the lawful currency of Canada.
6.	DIP Facility Amount and Advances	<p>The maximum aggregate principal amount of the DIP Facility is \$150,000, which will be made available to the Borrower in multiple tranches (each an "Advance"), as may be requested by the Borrower at the Borrower's sole discretion.</p> <p>Subject to satisfaction of the conditions precedent set forth in this Term Sheet, Advances shall be provided by the Lender for the purposes set forth in Section 11 herein on no less than two (2) Business Days (as defined hereinafter) prior written notice to the Lender by the Borrower, in a minimum principal amount of at least \$50,000 per Advance. Such written notice shall be deemed to be acceptable to and shall be honoured by the Lender unless the Lender has objected thereto in writing, providing reasons for the objection, by no later than 1:00 p.m. Calgary time on the second Business Day following the delivery of such request.</p> <p>Any unpaid fees and expenses in connection with this Term Sheet shall be deemed to be an Advance under the DIP Facility, and to be secured on the same terms and conditions as the other Advances hereunder.</p> <p>The obligation of the Lender to make Advances hereunder shall be conditional upon the following being met as at the date of the Advance: (i) all representations and warranties of the Borrower contained in this Term Sheet shall remain true and correct in all material respects both before and after giving effect to such Advance; and, (ii) no Event of Default then exists and is continuing or would result therefrom.</p>
7.	Interest Rate	<p>15% <i>per annum</i>.</p> <p>Interest shall not be payable until Maturity but shall be accrued and capitalized and added to the principal amount of the Advance on the last day of each Interest Period (as defined hereinafter).</p> <p>All Advances shall have a rolling interest period (the "Interest Period") of one Month.</p> <p>"Month" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:</p> <p>(a) (subject to paragraph (c) below) if the numerically corresponding day is not a day on which banks are open for business in Alberta (a "Business Day"), that period shall end on the next Business Day in that calendar month in which that</p>



		<p>period is to end if there is one, or if there is not, on the immediately preceding Business Day;</p> <p>(b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and</p> <p>(c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.</p>
8.	Default Interest	<p>Upon and during the continuance of an Event of Default, the applicable rate of interest shall be increased by 2% <i>per annum</i> above the otherwise then applicable rate.</p>
9.	Criminal Interest Rate	<p>The parties shall comply with the following provisions to ensure that the receipt by the Lender of any payment under this Term Sheet does not result in a breach of Section 347 of the <i>Criminal Code</i> (Canada):</p> <p>(a) If any provision of this Term Sheet would obligate the Borrower to make any payment to the Lender of an amount that constitutes "interest" (as such term is defined in the <i>Criminal Code</i> (Canada), and referred to in this section as "Criminal Code Interest"), during any one-year period after the date of funding of an Advance, in an amount or calculated at a rate which would result in the receipt by the Lender of Criminal Code Interest at a criminal rate thereunder (referred to in this section as a "Criminal Rate"), then, notwithstanding such provision, that amount or rate during such one-year period shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not result in receipt by the Lender during such one-year period of Criminal Code Interest at a Criminal Rate; and,</p> <p>(b) Any adjustment under Section 9(a) of this Term Sheet shall be adjusted: (A) first, by reducing the amount or rate of interest required to be paid to the Lender during such one-year period; and, (B) second and thereafter, by reducing any other amounts (other than costs and expenses, if any) required to be paid to the Lender during such one-year period which would constitute Criminal Code Interest.</p>
10.	Pricing and Fees	<p>There shall be no commitment fees or standby fees payable hereunder. The Borrower shall pay the Lender's Permitted Fees and Expenses (as defined hereinafter), pursuant to and in accordance with the terms and conditions of this Term Sheet.</p>



11.	Purposes of the DIP Facility	Subject to the terms and conditions set forth in this Term Sheet, advances are to be made available pursuant to the DIP Facility solely for the operating purposes of the Borrower after the Filing Date, including, without limitation, for the purposes of implementing the NOI Proceedings, the SISP, and any proposal within the NOI Proceedings, and paying the Permitted Fees and Expenses.
12.	Cash Flow Projections	<p>The Borrower shall prepare and update its rolling cash flow forecast (the "Cash Flow Projections") within the NOI Proceedings, as and when required pursuant to the BIA, with the assistance of the Proposal Trustee, and shall provide the Lender with copies of such Cash Flow Projections no later than one (1) Business Day after the respective Cash Flow Projections are provided to the Proposal Trustee.</p> <p>The Borrower shall from time to time, as and when requested by the Lender, prepare and deliver to the Lender updated Cash Flow Projections in form and substance satisfactory to the Lender.</p>
13.	Maturity	<p>All Advances made under the DIP Facility will mature and be fully repayable ("Maturity") on the earliest of:</p> <ul style="list-style-type: none"> (a) the occurrence of any Event of Default which is continuing and has not been cured, provided that the Lender provides written notice in accordance with Section 22 hereof; (b) the date that is six (6) months after the Filing Date or such later date as the Lender may agree in writing; (c) the completion of a sale or sales of all or substantially all of the Borrower's assets, property and undertaking (collectively, the "Property"), pursuant to the SISP, as approved by the Court, regardless of whether such sale or sales shall take the form of the Stalking Horse APA (as defined in the SISP) or a Superior Offer (as defined in the SISP); and, (d) the implementation of a proposal to the Borrower's creditors within the NOI Proceedings, which has been approved by the requisite majorities of the Borrower's creditors, by the Court, and by the Lender hereunder, <p>(each such date being, a "Maturity Date").</p> <p>All amounts outstanding or payable under this Term Sheet (including the principal and all unpaid accrued interest under the DIP Facility and all fees and other amounts required to be paid by the Borrower) shall be due and payable in full (in cash) on the Maturity Date and/or</p>

		on the Acceleration Date (as defined hereinafter), as the case may be (each a " Termination Date ").
14.	Illegality	In the event that it is or becomes unlawful in the jurisdiction of the Lender to perform its obligations or to fund or maintain its participation in the DIP Facility, the Lender shall promptly give notice to the Borrower of such illegality, and upon the Lender notifying the Borrower of such illegality, the DIP Facility will be immediately cancelled and all amounts owing to the Lender under the DIP Facility will become immediately due and payable by the Borrower.
15.	Priority of Payments	Any amounts received in repayment of obligations owing under this Term Sheet shall be paid and applied as follows: (i) firstly, towards outstanding Permitted Fees and Expenses (as defined hereinafter); (ii) secondly, towards outstanding interest, costs, fees and expenses payable under this Term Sheet; and (iii) thirdly, towards outstanding principal amounts borrowed under the DIP Facility.
16.	Voluntary Prepayment	<p>Each Advance may be prepaid at any time (including prior to Maturity), in whole or in part (but if in part, by a minimum of \$50,000), on two (2) Business Days' notice to the Lender or such shorter period as the Lender may agree in writing.</p> <p>The Borrower may not prepay any Advance unless the Proposal Trustee provides its written consent to such prepayment. Any amount repaid may not be reborrowed without the written consent of the Lender, in its reasonable discretion.</p>
17.	Security	<p>All debts, liabilities, and obligations of the Borrower under this Term Sheet or the DIP Facility provided herein shall be secured by a super-priority charge (the "DIP Charge") pursuant to and in accordance with the Charging Order to be obtained from the Court, as may be amended with the consent of the Borrower and the Lender, over all of the present and future, real and personal, tangible and intangible property and assets of the Borrower, including without limitation all choses in action, in favour of the Lender, and in priority to all claims, assignments, security interests, trusts, liens, mortgages, charges and encumbrances whatsoever, statutory or otherwise.</p> <p>Notwithstanding any other provision of this term Sheet, it shall not be a breach of the terms and conditions hereunder if an administration charge is granted within the NOI Proceedings that ranks in priority to the DIP Charge.</p>
18.	Permitted Fees and Expenses	" Permitted Fees and Expenses " means, collectively:

		<p>(a) all reasonable and documented fees and expenses of counsel for the Borrower in connection with the DIP Facility and the NOI Proceedings (whether incurred prior to or during the pendency of the NOI Proceedings);</p> <p>(b) all reasonable and documented fees and expenses of counsel to the Lender in connection with the DIP Facility and the NOI Proceedings (whether incurred prior to or during the pendency of the NOI Proceedings); and</p> <p>(c) all reasonable and documented fees and expenses incurred by the Proposal Trustee, in its capacity as proposal trustee under the NOI Proceedings (whether incurred prior to or during the pendency of the NOI Proceedings).</p>
19.	Default	<p>The following events shall constitute events of default (each, an "Event of Default"):</p> <p>(a) if the Borrower fails to pay the Lender when due any amount of principal, interest, fees or other amounts under the DIP Facility or this Term Sheet;</p> <p>(b) if the Borrower defaults in the observance or performance of any other term, covenant or condition in this Term Sheet, and such default is not cured within five (5) business days of being aware of such default;</p> <p>(c) any representation or statement made or deemed to be made by a Borrower in this Term Sheet or any other document delivered by or on behalf of the Borrower under or in connection with the DIP Facility is or proves to have been incorrect or misleading in any material respect when made or deemed to be made;</p> <p>(d) if the NOI Proceedings are terminated or dismissed or the stay of proceedings against the Borrower thereunder is lifted to permit the enforcement of any security against the Borrower or the Property, the appointment of a receiver, interim receiver, receiver-manager, or similar person, an assignment in bankruptcy, or the making of a bankruptcy order or receivership order against or in respect of the Borrower, in each case which order is not stayed pending appeal thereof, and other than in respect of a non-material asset not required for the operation of the Borrower's business;</p> <p>(e) if this Term Sheet is modified without the express prior written consent of the Lender, in its sole and absolute discretion;</p>



		<p>(f) if any order is granted limiting, modifying, or dismissing the Stalking Horse APA (as defined in the SISP), other than in accordance with the terms of the SISP;</p> <p>(g) it is or becomes unlawful for the Borrower to perform any of its obligations under the DIP Facility;</p> <p>(h) if (a) the Charging Order is varied without the consent of the Lender or any other order is made within or affecting the NOI Proceedings which is or may be prejudicial to the Lender's interests, acting reasonably; or, (b) the Charging Order is appealed or leave to appeal the Charging Order is granted; or</p> <p>(i) if a receiver, receiver manager, or other similar person is appointed over any Property of the Borrower or any judgment or order or process of any court becomes enforceable against the Borrower or any creditor takes possession of any Property of the Borrower, in each case, other than in respect of a non-material asset not required for the operation of the Borrower's business,</p> <p>provided, however, that: (i) the receipt, acceptance, or approval, of a Superior Offer or the Stalking Horse APA (as such terms are defined in the SISP); (ii) any other action taken by the Borrower or the Proposal Trustee in accordance with the terms and conditions of the SISP; and, (iii) the granting of an administration charge within the NOI Proceedings, shall not constitute an Event of Default under this Term Sheet.</p>
20.	Covenants	<p>The following undertakings in shall remain in force from the date of this Term Sheet for so long as any amount is outstanding under the DIP Facility:</p> <p>(a) The Borrower is to comply with any and all orders granted within the NOI Proceedings;</p> <p>(b) The proposal trustee within the NOI Proceedings shall remain Deloitte Restructuring Inc.;</p> <p>(c) The Borrower will take all actions necessary or available to defend the Charging Order or any approval of the SISP or Stalking Horse APA (as defined in the SISP) from any appeal, reversal, modifications, amendment, stay, or vacating, unless expressly agreed to in writing in advance by the Lender in its reasonable discretion;</p> <p>(d) The Borrower is to provide the Lender with notice of any material developments in respect of any material notices, orders, decisions, letters, court materials, or other</p>

		<p>documents, materials, information, or correspondence received from any regulatory authority having jurisdiction over the Borrower, including the Alberta Energy Regulator;</p> <p>(e) Provision to the Lender of all material documents dispatched by the Borrower to its creditors generally (including pursuant to the NOI Proceedings) or filed with the Court, within three (3) Business Days of such dispatch or filing;</p> <p>(f) The Borrower is to obtain, comply with and take all necessary or desirable steps to maintain all of its authorizations and licences in full force and effect;</p> <p>(g) The Borrower is to comply in all material respects with all laws to which each Borrower may be subject which may reasonably be anticipated to affect the NOI Proceedings, the SISP, this Term Sheet, the DIP Facility, or any of the obligations of the Borrower hereunder, except to the extent not required to do so pursuant to any order of the Court;</p> <p>(h) The Borrower will notify the Lender promptly in writing of the occurrence of any Event of Default hereunder or any other event or circumstance that may materially affect the Borrower's business; and,</p> <p>(i) The Borrower shall not enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any Property unless any such transfer and/or disposal is undertaken in accordance with the BIA, the SISP, and any orders granted within the NOI Proceedings; provided, however, that the Borrower may sell, lease, transfer or otherwise dispose of Property in the ordinary course of its business to the extent that same is permitted under the BIA and the terms of any order granted within the NOI Proceedings. For greater certainty, and without limiting the generality of the foregoing, the Borrower may enter into an agreement to sell, lease, transfer or otherwise dispose of any Property, pursuant to a Superior Offer or the Stalking Horse APA (each as defined in the SISP), without the consent of the Lender hereunder.</p>
<p>21.</p>	<p>Representations and Warranties</p>	<p>The Borrower represents and warrants to the Lender, upon which the Lender is relying in entering into this Term Sheet, that:</p> <p>(a) The transactions contemplated by this Term Sheet will be, upon the granting of the Charging Order: (A) within the powers of the Borrower; (B) duly executed and delivered by or on behalf of the Borrower; (C) constitute legal, valid, and binding obligations of the Borrower, enforceable against the</p>



		<p>Borrower in accordance with their terms; and, (D) do not require any material authorization from, consent or approval of, registration or filing with, or any other action by, any governmental authority or any third party;</p> <p>(b) The Borrower is duly formed and is validly existing under the laws of the Province of Alberta; and,</p> <p>(c) No Event of Default has occurred which is continuing as of the date of execution hereof (except for any Event of Default which will be cured automatically upon the granting of the Charging Order in accordance with the terms and conditions of this Term Sheet),</p> <p>and the Borrower expressly disclaims any other representation or warranty, and the Lender acknowledges and accepts such disclaimer.</p>
<p>22.</p>	<p>Remedies</p>	<p>Upon the occurrence of an Event of Default, and subject to the BIA and any orders issued within the NOI Proceedings:</p> <p>(a) the Lender may immediately terminate the DIP Facility and cancel all commitments hereunder, and shall have no obligation to make any further Advances;</p> <p>(b) the Lender may declare that all or part of the DIP Facility (or any of the Advances, or any portion thereof, at the sole discretion of the Lender), together with accrued interest, and any or all other amounts accrued or outstanding under this Term Sheet be immediately due and payable, whereupon they shall become immediately due and payable; and/or</p> <p>(c) upon seeking an order of the Court on five (5) days prior notice, the Lender may enforce, without further notice, demand or delay, all of its rights and remedies against the Borrower and its Property including, without limitation, by way of appointment of a receiver or receiver and manager.</p> <p>The date on which the Lender gives notice to the Borrower pursuant to Section 20(b) of this Term Sheet is referred to as, the “Acceleration Date”.</p> <p>No failure to exercise, nor any delay in exercising, on the part of the Lender, any right or remedy under this Term Sheet and/or the DIP Facility (or any part thereof) shall operate as a waiver of any such right or remedy or constitute an election to affirm any part of the DIP Facility. No election to affirm the DIP Facility on the part of the Lender shall be effective unless it is in writing. No single or partial exercise of any right or remedy by the Lender shall prevent any further or other exercise or the exercise of any other right or remedy by the Lender. The rights and remedies provided in this Term Sheet and/or any other document entered into in connection with the DIP Facility are</p>



		cumulative and not exclusive of any rights or remedies provided by law, including the rights of a secured party under the <i>Personal Property Security Act</i> (Alberta), or any federal, provincial, territorial or other legislation of similar effect.
23.	Conditions Precedent	<p>The Borrower shall not be entitled to request any Advance under the DIP Facility unless the following conditions have been satisfied (or waived in writing by the Lender):</p> <ul style="list-style-type: none"> (a) The Borrower shall have executed and delivered this Term Sheet; (b) The Borrower shall be acting in accordance with the SISP; (c) The Borrower shall have obtained the Charging Order on terms acceptable to the Lender (acting reasonably), including: (i) authorizing the Borrower to enter into and authorizing the Borrower perform its obligations under this Term Sheet; and (ii) granting the Lender a super-priority charge over all of the Borrower's Property, subject only to any administration charge that may be granted within the NOI Proceedings; (d) The Charging Order shall remain in effect and shall not have been stayed, vacated, or otherwise amended, restated, or modified in respect of any amendment, without the written consent of the Lender; (e) There shall be no liens ranking in priority to the Lender's charge under the DIP Facility except in accordance with the terms hereof; (f) The approval by the Lender of the Borrower's Cash Flow Projections in respect of a period for not less than 12 weeks after the proposed date of the Advance; (g) A copy of any other authorization or other document which the Lender considers to be necessary or desirable, acting reasonably (if it has notified the Borrower accordingly in writing), in connection with the entry into and performance of the transactions contemplated by the DIP Facility or for the validity and enforceability of the DIP Facility or any element hereof; provided, however, that the Lender shall not require the Borrower to deliver any legal opinions, security opinions, or similar documents in connection with this Term Sheet; and (h) Evidence that the fees, costs and expenses due from the Borrower pursuant to Section 28 have been paid or will be paid by the date of each Advance.



		The Lender acknowledges that it has waived any requirement to obtain a copy of a resolution of the board of directors of the Borrower approving the terms of this DIP Facility and authorizing relevant signatories to execute this Term Sheet on behalf of the Borrower.
24.	Repayment Upon SISP Completion	<p>For greater certainty, if the Maturity Date occurs upon completion of a sale or restructuring transaction pursuant to the SISP, as described in Sections 13(c) and 13(d) of this Term Sheet, and notwithstanding whether such sale or restructuring transaction shall take the form of the Stalking Horse APA (as defined in the SISP) or otherwise, the DIP Facility, all Advances, and all obligations secured pursuant to the DIP Charge shall be immediately due and repayable in full, and the Borrower must repay the DIP Facility, in full and in cash, from a portion of the cash consideration under such transaction, promptly upon the receipt by the Borrower of such cash consideration.</p> <p>Without the consent of the Lender in its sole and absolute discretion, no Court Order sanctioning a sale transaction or proposal in respect of the Borrower shall discharge or otherwise affect in any way the DIP Facility or the obligations secured pursuant to the DIP Charge, other than after the permanent and indefeasible payment in cash to the Lender of the DIP Facility and all Advances on or before the date such sale transaction or proposal is implemented.</p>
25.	Indemnity / Releases	The Borrower agrees that it will indemnify and hold harmless the Lender, and its subsidiaries and affiliates, and their respective officers, directors, employees, agents and advisors from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted against such entity or individual in connection with this Term Sheet, the DIP Facility or any of the transactions contemplated hereby, except to the extent any of the foregoing results from the gross negligence or willful misconduct of such entity or individual as determined by a final judgment of a court of competent jurisdiction.
26.	Assignment	This Term Sheet, and the rights and obligations hereunder, may not be assigned by the Borrower, or by the Lender, to any other person without the prior written consent of both the Borrower and the Lender, and only in accordance with an order of the Court.
27.	Amendment, Severability, and Entire Agreement	This Term Sheet may only be amended in writing, with the consent of each of the Lender and the Borrower, and any such amendment shall only become effective upon the approval of the Court. If the Lender and the Borrower agree to any amendments to this Term Sheet, the Borrower shall file an application with the Court within five



		<p>(5) Business Days, or such other period as the Lender may agree in writing, seeking the approval of such amendment.</p> <p>This Term Sheet, including any other documents delivered in connection with this Term Sheet, constitute the entire agreement between the parties relating to the subject matter hereof.</p> <p>If any provision in this Term Sheet is prohibited or unenforceable in any jurisdiction it shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.</p>
28.	Fees and Expenses	Without prejudice to Section 18 and/or 25, the Borrower shall be responsible for all reasonable costs, fees and expenses incurred by the Lender in connection with the negotiation, preparation and administration of this Term Sheet and any enforcement of the DIP Charge including, without limitation, all court attendances in connection therewith (collectively, the " Lender Expenses "). All such Lender Expenses shall be added to the DIP Facility and be secured by the DIP Charge. At the Lender's option, accrued and unpaid Lender Expenses may be paid in full through deduction from any Advance.
29.	Evidence of Indebtedness	The Lender's accounts and records shall constitute, in the absence of manifest error, <i>prima facie</i> evidence of the indebtedness of the Borrower to the Lender pursuant to the DIP Facility. Any determination as to manifest error will be made by the Court unless the Lender and the Borrower agree otherwise.
30.	Further Assurances	The Borrower shall, at its expense, from time to time, do, execute, and deliver, or cause to be done, executed, or delivered, all such further acts, documents and things as the Lender may reasonably request for the purpose of giving effect to this Term Sheet; provided, however, that the Lender shall not require the Borrower to deliver any legal opinions, security opinions, or similar documents in connection with this Term Sheet.
31.	Governing Law / Jurisdiction	This Term Sheet shall be governed by the laws of the Province of Alberta and the federal laws of Canada applicable therein. The parties hereby attorn to the non-exclusive jurisdiction of the Court.
32.	Counterparts	This Term Sheet may be executed and delivered by the parties in separate counterparts, and each of such counterparts when so executed and delivered shall be deemed to be an original and such counterparts together shall constitute one and the same instrument. Delivery of an executed copy of this Term Sheet or any counterpart

		to any party may be by facsimile, registered mail, courier, or by email in PDF format.
33.	Miscellaneous	<p>No person other than the Borrower and the Lender is entitled to rely upon this Term Sheet, and the parties hereto expressly agree that this Term Sheet does not confer rights upon any other person.</p> <p>The parties hereto confirm that this Term Sheet and all related documents have been drawn up in the English language at their request. <i>Les parties aux présentes confirment que le présent acte et tous les documents y relatifs furent rédigés en anglais à leur demande.</i></p>



The offer of financing constituted by this Term Sheet is open for acceptance by the execution by the Borrower and return of a duplicate copy by 5:00 p.m. (Calgary time) on February 15, 2021, after which date this offer will expire and this Term Sheet shall be of no further force or effect.

Yours truly,

WHITEBARK ENERGY LTD.

Per: _____

Name:

Title:

I have authority to bind the corporation.



Accepted this ____ day of February, 2021.

SALT BUSH ENERGY LTD.

By: _____

Name:

Title:

