

ESTATE NO. 25-2624152 Clerk's Stamp

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

JUDICIAL CENTRE CALGARY
IN THE MATTER OF THE BANKRUPTCY OF DIRECT OIL & GAS INC.

APPLICANT MNP LTD., COURT-APPOINTED TRUSTEE OF THE ESTATE OF DIRECT OIL & GAS INC., A BANKRUPT

DOCUMENT **TRUSTEE'S SECOND REPORT TO COURT**

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APPENDICES

APPENDIX A Redacted Tallahassee Exploration Inc. Asset Purchase
Agreement

INTRODUCTION AND BACKGROUND

1. Direct Oil & Gas Inc. (the “Bankrupt”) filed an assignment in bankruptcy on February 28th, 2020 and MNP Ltd. was appointed as Trustee of the Bankrupt Estate (the “Trustee”). The first meeting of creditors was held on April 17th, 2020.
2. This is the Trustee’s second report to the Court of Queen’s Bench of Alberta (the “Court”) (the “Second Report”).

All references to currency are in Canadian dollars unless otherwise stated.

NOTICE TO READER

3. In preparing this second report to the Court (the “Second Report”) and making comments herein, the Trustee has relied upon, certain unaudited, draft or internal financial information, including the Bankrupt’s books and records, and information from other third-party sources (collectively, the “Information”). The Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with generally accepted assurance standards or other standards established by the Chartered Professional Accountants of Canada (the “Standards”). Additionally, none of the Trustee’s procedures were intended to disclose defalcations or other irregularities. If the Trustee were to perform additional procedures or to undertake an audit examination of the Information in accordance with the Standards, additional matters may have come to the Trustee’s attention. Accordingly, the Trustee does not express an opinion, nor does it provide any other form of assurance on the financial or other information presented herein. The Trustee may refine or alter its observations as further information is obtained or brought to its attention after the date of this report.
4. The Trustee assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this report. Any use, which any party makes of this report, or any reliance or decision to be made based on this report, is the sole responsibility of such party.
5. Capitalized terms not otherwise defined herein will have the meaning as in the First Report of the Trustee.

PURPOSE

6. The purpose of the Second Report is to provide the Court and other interested parties with information regarding the following relief sought by the Trustee, including:
 - (a) Approval of the sale of certain of the Bankrupt’s assets to Tallahassee Exploration Inc. (“Tallahassee”); and
 - (b) Sealing the Confidential Supplement to the Second Report (the “Confidential Supplement”).

APPROVAL OF TRANSACTION

7. The Sales Process described in the First Report resulted in an August 19, 2020 Court Order selling most of the Bankrupt's oil and gas properties to Blue Sky Resources Ltd.
8. Subsequent to the Sales Process, Tallahassee made an offer to purchase certain of the Bankrupt's properties in the Eureka, Vista, Lovet and Notikewin areas (the "Tallahassee Properties").
9. No offers had been received for the Tallahassee Properties from the Sales Process.
10. An asset purchase agreement was entered into between Tallahassee and the Trustee (the "Tallahassee APA") on October 16th, 2020. A copy of the redacted (for purchase price) Tallahassee APA is attached as Appendix "A".
11. The Tallahassee APA contemplates that there will not be any adjustments (including but not limited to property taxes, land and other lease payments, joint venture obligations, if any and AER obligations) to the purchase price.
12. The Estate Inspectors approved the Tallahassee APA on October 21, 2020.
13. The Tallahassee APA's only condition is the approval of this Honourable Court.

SEALING ORDER REQUEST

14. The Trustee advises that the purchase price for the Tallahassee APA represents confidential information and the disclosure of which could impact any subsequent marketing process that may have to be undertaken by the Trustee should the transaction contemplated by the Tallahassee APA not close as contemplated.
15. The Trustee submits that it is necessary and appropriate to seal the Confidential Supplement on the Court record until the transaction contemplated by the Tallahassee APA closes or further order of this Honourable Court directs the release of that information, and that there are no reasonable alternatives to this that would be less restrictive.

CONCLUSIONS AND RECOMMENDATIONS

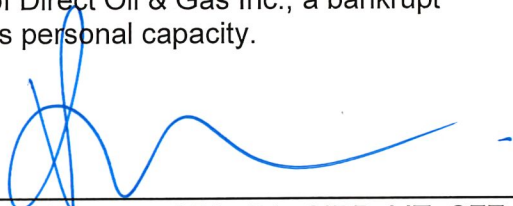
16. The Trustee is of the view that Tallahassee APA represents the best offer available in the present circumstances for the sale of the Tallahassee Properties for the following reasons:
 - (a) No other offer for the Tallahassee Properties has been received;
 - (b) The Tallahassee APA contemplates no adjustments to the purchase price; and
 - (c) Should the Tallahassee APA not be approved, the Tallahassee Properties would likely be disclaimed to the Orphan Well Association.

17. Based on the foregoing, the Trustee respectfully recommends that this Honourable Court grant an Order:
- (a) Approving the Tallahassee APA, including vesting title to the Tallahassee Properties to Tallahassee as at closing, free and clear of all items, charges, security interests and other encumbrances (subject only to permitted encumbrances); and
 - (b) Approving the sealing of the Confidential Supplement.

All of which is respectfully submitted 22nd of October 2020

MNP Ltd. in its sole capacity as Trustee of
the Estate of Direct Oil & Gas Inc., a bankrupt
and not in its personal capacity.

Per:



Victor P. Kroeger, CPA, CA, CIRP, LIT, CFE
Senior Vice President

Appendix A

PURCHASE AND SALE AGREEMENT

THIS AGREEMENT made as of the 16th day of October, 2020

BETWEEN:

MNP LTD. ("MNP"), solely in its capacity as the trustee in bankruptcy of **DIRECT OIL & GAS LTD.**, and not in its personal or corporate capacity (the "**Vendor**")

- and -

TALLAHASSEE EXPLORATION INC., a corporation incorporated under the laws of the Province of Alberta (the "**Purchaser**")

WHEREAS Direct Oil & Gas Ltd. ("**Direct**") made an assignment of all of its property for the general benefit of its creditors under section 49 of the *Bankruptcy and Insolvency Act* (the "**BIA**") on February 28, 2020 and MNP was appointed as trustee in bankruptcy of Direct;

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

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

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires:

- (a) "**Abandonment and Reclamation Obligations**" means all past, present and future obligations to:
- (i) abandon, shut-down, close, decommission, dismantle or remove any and all Wells and Tangibles, including all structures, foundations, buildings, pipelines, equipment and other facilities 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 of the Lands and the 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) "**AER**" means the Alberta Energy Regulator;
- (c) "**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;
- (d) "**Applicable Law**" means, in relation to any person, property or circumstance, all laws, statutes, rules, regulations, official directives and orders of Governmental Authorities (whether administrative, legislative, executive or otherwise), including judgments, orders and decrees of courts, commissions or bodies exercising similar functions, as amended, and includes the provisions and conditions of any permit, license or other governmental or regulatory authorization, that are in effect as at the relevant time and are applicable to such person, property or circumstance;
- (e) "**Assets**" is defined in Section 2.1;
- (f) "**BIA**" is defined in the Recitals of this Agreement;
- (g) "**Business Day**" means a day other than a Saturday, a Sunday or a statutory holiday in Calgary, Alberta;
- (h) "**Closing**" means the completion of the purchase and sale of the Assets pursuant to this Agreement;
- (i) "**Closing Date**" means 10:00 a.m. on the day that is seven (7) Business Days after receipt of the Court Order, or such other time and date as may be agreed upon in writing by the Parties, provided, however, that in no case shall the Closing Date be later than the Outside Date,
- (j) "**Closing Place**" means the office of the Vendor, or such other place as may be agreed upon in writing by the Parties;
- (k) "**Contract**" means any agreement, contract, obligation, promise or undertaking to which Direct is party that is legally binding;
- (l) "**Court**" means the Court of Queen's Bench of Alberta;
- (m) "**Court Order**" is defined in Section 4.1(d);
- (n) "**Data Room Information**" means all information provided or made available to the Purchaser in hard copy or electronic form in relation to Direct and/or the Assets;
- (o) "**Date of Appointment**" means February 28, 2020;
- (p) "**Direct**" is defined in the Recitals of this Agreement;

- (q) **"Directive 006"** means the AER Directive 006: Licensee Liability Rating (LLR) Program and Licence Transfer Process;
- (r) **"Directive 067"** means AER Directive 067: Licensee-eligibility Approval;
- (s) **"Effective Date"** means the Closing Date;
- (t) **"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);
- (u) **"Environmental Liabilities"** means all liabilities in respect of the Environment which relate to the Assets or which arise in connection with the ownership thereof or operations pertaining thereto, including liabilities related to or arising from:
 - (i) transportation, storage, use or disposal of toxic or hazardous substances;
 - (ii) release, spill, escape, emission, leak, discharge, migration or dispersal of toxic or hazardous substances; or
 - (iii) pollution or contamination of or damage to the environment;including liabilities to compensate Third Parties for damages and Losses resulting from the items described in items (i), (ii) and (iii) above (including damage to property, personal injury and death) and obligations to take action to prevent or rectify damage to or otherwise protect the environment;
- (v) **"Facilities"** means all field facilities located on or under the surface of the Lands or lands with which the Lands are pooled and that are, or have been, used for production, gathering, treatment, compression, transportation, injection, water disposal, measurement, processing, storage or other operations respecting the Leased Substances, including any applicable battery, separator, compressor station, gathering system, pipeline, production storage facility or warehouse, including the Pipelines and those facilities identified in **Schedule "B"**;
- (w) **"General Conveyance"** means the form of general conveyance attached hereto as **Schedule "E"**;
- (x) **"Governmental Authority"** means any federal, national, provincial, territorial, municipal or other government, any political subdivision thereof, and any ministry, sub-ministry, agency or sub-agency, court, board, bureau, office, or department, including any government-owned entity, having jurisdiction over a Party, the Assets or the Transaction;
- (y) **"GST"** means the goods and services tax payable pursuant to the GST Legislation;
- (z) **"GST Legislation"** means Part IX of the *Excise Tax Act*, R.S.C. 1985, c. E-15, as amended, and the regulations promulgated thereunder;
- (aa) **"Lands"** means the lands set out and described in **Schedule "A"**, and the Petroleum Substances within, upon or under such lands (subject to the restrictions and exclusions identified in **Schedule "A"** and in the Title Documents as to Petroleum Substances and geological formations);
- (bb) **"Leases"** means, collectively, all leases, reservations, permits, licences, certificates of title or other documents of title (or any replacement thereof, renewal or extension thereof or leases derived therefrom) granted to or in favour of Direct which are associated with or

related to the Lands, including those documents of title set forth and described in **Schedule "A"**;

- (cc) "**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);
- (dd) "**Licences**" means permits, approvals, licences and authorizations granted by any applicable Governmental Authority in respect of any of the any Tangibles, Wells or other Assets;
- (ee) "**Licence Transfers**" means the transfer of Licences;
- (ff) "**LMR**" means the liability management rating under Directive 006;
- (gg) "**Losses**" means all losses, costs, claims, damages, expenses and liabilities which a Person suffers, sustains, pays or incurs, including reasonable legal fees on a solicitor and his own client basis but notwithstanding the foregoing shall not include any liability for indirect or consequential damages including business loss, loss of profit, economic loss, punitive damages or income tax liabilities;
- (hh) "**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 which relate to the Assets (including the Title Documents and GORRs);
 - (ii) all Surface Rights;
 - (iii) all records, books, documents, licences, reports and data which relate to the Petroleum and Natural Gas Rights; and
 - (iv) the Wells, including the wellbores and any and all casing and down-hole monitoring and pumping equipment associated therewith and located on the Lands.

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

- (kk) "**Outside Date**" means **October 30, 2020** or such other date as the Parties may agree;
- (ll) "**Outstanding ROFR Assets**" has the meaning set forth in Section 7.2(e)(ii);
- (mm) "**Outstanding ROFRs**" has the meaning set forth in Section 7.2(e);
- (nn) "**Party**" means a party to this Agreement, and "**Parties**" means both of them;

- (oo) **"Permitted Encumbrances"** means:
- (i) all encumbrances, overriding royalties, net profits interests and other burdens identified in **Schedule "A"**;
 - (ii) any ROFR or any similar restriction applicable to any of the Assets;
 - (iii) the terms and conditions of the Title Documents, including the requirement to pay any rentals or royalties to the grantor thereof to maintain the Title Documents in good standing and any royalty or other burden reserved to the grantor thereof or any gross royalty trusts applicable to the grantor's interest in any of the Title Documents;
 - (iv) defects or irregularities of title as to which the relevant statute(s) of limitations or prescription would bar any attack or claim against Vendor's Interest;
 - (v) the right reserved to or vested in any grantor, Governmental Authority or other public authority by the terms of any Title Document or by Applicable Law to terminate any Title Document;
 - (vi) liens securing taxes;
 - (vii) easements, right of way, servitudes or other similar rights in land, including rights of way and servitudes for highways, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone or cable television conduits, poles, wires or cables;
 - (viii) any obligation of Direct or Vendor to hold any portion of its interest in and to any of the Assets in trust for Third Parties;
 - (ix) the right reserved to or vested in any municipality or other Governmental Authority to control or regulate any of the Assets in any manner, including any directives or notices received from any municipality or other Governmental Authority pertaining to the Assets;
 - (x) liens incurred or created as security in favour of any Person with respect to the development or operation of any of the Assets, as regards Vendor's or Direct's share of the costs and expenses thereof;
 - (xi) 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;
 - (xii) provisions for penalties and forfeitures under agreements as a consequence of non-participation in operations; and
 - (xiii) liens granted in the ordinary course of business to a public utility, municipality or other Governmental Authority with respect to operations pertaining to any of the Assets;
- (pp) **"Person"** means any individual, corporation, limited or unlimited liability company, joint venture, partnership (limited or general), trust, trustee, executor, Governmental Authority or other entity;

- (qq) "**Petroleum and Natural Gas Rights**" means all rights to and in respect of the Leased Substances and the Title Documents (but only to the extent that the Title Documents pertain to the Lands), including the interests set out and described in **Schedule "A"**;
- (rr) "**Petroleum Substances**" means any of crude oil, crude bitumen and products derived therefrom, synthetic crude oil, petroleum, natural gas, natural gas liquids, and any and all other substances related to any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including sulphur;
- (ss) "**Pipelines**" means the pipelines listed in **Schedule "C"**;
- (tt) "**Prime Rate**" means the rate of interest, expressed as a rate per annum, designated by the main branch in Calgary of Bank of Montreal as the reference rate used by it to determine rates of interest charged by it on Canadian dollar commercial loans made in Canada and which is announced by such bank, from time to time, as its prime rate, provided that whenever such bank announces a change in such reference rate the "Prime Rate" shall correspondingly change effective on the date the change in such reference rate is effective;
- (uu) "**Representative**" means, with respect to any Party, its Affiliates, and its and their respective directors, officers, servants, agents, advisors, employees and consultants;
- (vv) "**ROFR**" means a preferential, pre-emptive or first purchase right that becomes operative by virtue of this Agreement or the Transaction;
- (ww) "**Sales Taxes**" means all transfer, sales, excise, stamp, license, production, value-added and other like taxes, assessments, charges, duties, fees, levies or other governmental charges of any kind, and includes additions by way of penalties, interest and other amounts with respect thereto, including GST;
- (xx) "**Specific Conveyances**" means all conveyances, assignments, transfers, novations and other documents or instruments that are reasonably required or desirable to convey, assign and transfer the interest of Vendor in and to the Assets to Purchaser and to novate Purchaser in the place and stead of Vendor with respect to the Assets;
- (yy) "**Surface Rights**" means all rights to occupy, cross or otherwise use or enjoy the surface of the Lands and any lands pooled or unitized therewith or any other lands: (i) upon which the Tangibles are situate, (ii) used in connection with the ownership or operation of the Petroleum and Natural Gas Rights, the Tangibles or the Wells, or (iii) used to gain access to any of the Lands (or any lands pooled or unitized therewith) and all contracts, agreements, books, records, files, maps and documents to the extent they relate to Surface Interests;
- (zz) "**Tangibles**" means the Facilities and Pipelines 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;
- (aaa) "**Third Party**" means any individual or entity other than Trustee, Direct, Vendor and Purchaser, including any partnership, corporation, trust, unincorporated organization, union, government and any department and agency thereof and any heir, executor, administrator or other legal representative of an individual;
- (bbb) "**this Agreement**", "**herein**", "**hereto**", "**hereof**" and similar expressions mean and refer to this Agreement;

- (ccc) "**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 (including the GORRs), participation agreements, farm-in agreements, sale and purchase agreements, pooling agreements, unit 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; and
 - (iii) share in the proceeds from, or measured or calculated by reference to the value or quantity of, Petroleum Substances which are produced,
- and any rights to acquire any of the rights described in items (i) to (iii) of this definition; but only if the foregoing pertain in whole or in part to Petroleum Substances within, upon or under the Lands; including those, if any, set out and described in **Schedule "A"**;
- (ddd) "**Transaction**" means the transaction for the purchase and sale of the Assets as contemplated by this Agreement;
- (eee) "**Trustee**" means MNP Ltd.;
- (fff) "**Vendor's Interest**" means all of the right, interest, title and estate of Direct and/or Vendor, whether absolute or contingent, legal or beneficial, present or future, vested or not and whether or not an interest in land; and
- (ggg) "**Wells**" means the wells listed in **Schedule "D"** and all contracts, agreements, books, records, files, maps and documents to the extent they relate to Wells.

1.2 Interpretation

- (a) The division of this Agreement into Articles, Sections and Subsections and the provision of headings for all or any thereof are for convenience and reference only and shall not affect the construction or interpretation of this Agreement. The expressions "Article", "Section", "Subsection" and "Schedule" followed by a number or letter or combination thereof mean and refer to the specified Article, Section, Subsection or Schedule to this Agreement.
- (b) When the context reasonably permits, words suggesting the singular shall be construed as suggesting the plural and *vice versa*, and words suggesting gender or gender neutrality shall be construed as suggesting the masculine, feminine and neutral genders. The word "including" or any variation thereof means "including, without limitation," and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it. Where a term is defined herein, a capitalized derivative of such term shall have a corresponding meaning unless the context otherwise requires.
- (c) In the event that Closing does not occur, each provision of this Agreement which presumes that Purchaser has acquired the Assets hereunder shall be construed as having been contingent upon Closing having occurred.
- (d) All dollar (\$) amounts referenced in this Agreement are expressed in the lawful currency of Canada.

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

1.3 Schedules

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

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

Such schedules are incorporated herein by reference as though contained in the body hereof.

1.4 Damages

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

ARTICLE 2 PURCHASE AND SALE AND CLOSING

2.1 Purchase and Sale

Subject to and in accordance with the terms of this Agreement, Vendor, exercising the powers of sale granted pursuant to the Appointment Order, hereby agrees to sell, assign, transfer, convey and set over to Purchaser, and Purchaser hereby agrees to purchase from Vendor, all of the Vendor's Interest in and to the Petroleum and Natural Gas Rights, the Tangibles and the Miscellaneous Interests (collectively, the "Assets").

2.2 Purchase Price

The aggregate consideration to be paid by Purchaser to Vendor for Vendor's interest in and to the Assets shall be [REDACTED] (the "Purchase Price") plus all amounts payable under Section 2.5, which shall be paid to the Vendor on or prior to Closing in Canadian currency by electronic wire transfer, and for greater certainty shall not be subject to any adjustment of any kind for any reason whatsoever.

2.3 Allocation of Purchase Price

The Parties shall allocate the Purchase Price amongst the Assets as follows:

Petroleum and Natural Gas Rights	\$15,000,000
Tangibles	\$2,490,000
Miscellaneous Interests	
Total	\$17,500,000

2.4 Assumption of Abandonment and Reclamation Obligations

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

2.5 Taxes

(a) GST

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

Vendor 79891 3489 RT0002

Purchaser 73234 5723 RT0001

(b) Sales Taxes

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

(c) Elections

The Parties agree to make any such elections as determined by Vendor and Purchaser, each acting reasonably, as prudent and available to minimize taxes payable as a result of the Transaction. Purchaser, acting reasonably, shall prepare, and each Party agrees to execute and file, any such elections in the form and within the time periods prescribed or specified under Applicable Law.

**ARTICLE 3
CONDITIONS OF CLOSING**

3.1 Mutual Conditions

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

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

Unless otherwise agreed to by the Parties, if the conditions contained in this Section 3.1 have not been performed or satisfied on or before the Outside Date, this Agreement and the obligations of Vendor and Purchaser under this Agreement shall automatically terminate without any further action on the part of either Vendor or Purchaser.

3.2 Purchaser's Conditions

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

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

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with, or waived by Purchaser, at or before the Closing Date, Purchaser may terminate this Agreement by written notice to Vendor. If Purchaser terminates this Agreement, Vendor and Purchaser shall be released and discharged from all obligations hereunder except as provided in Section 9.13.

3.3 Vendor's Conditions

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

- (a) the representations and warranties of Purchaser herein contained shall be true in all material respects when made and as of the Closing Date;
- (b) Vendor shall have been authorized by the inspectors of the estate of Direct in bankruptcy under section 30(1)(a) of the BIA;
- (c) all obligations of Purchaser contained in this Agreement to be performed prior to or at Closing shall have been timely performed in all material respects; and
- (d) all amounts to be paid by Purchaser to Vendor at Closing, including the Purchase Price, shall have been paid to Vendor in the form stipulated in or otherwise satisfied in accordance with this Agreement.

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with, or waived by Vendor, at or before the Closing Date, Vendor may terminate this Agreement by written notice to Purchaser. If Vendor terminates this Agreement, Vendor and Purchaser shall be released and discharged from all obligations hereunder except as provided in Section 9.13.

3.4 Efforts to Fulfil Conditions Precedent

Purchaser and Vendor shall proceed diligently and in good faith and use all reasonable efforts to satisfy and comply, and assist in the satisfaction and compliance, with the conditions precedent in Sections 3.1, 3.2 and 3.3.

ARTICLE 4 STEPS FOLLOWING EXECUTION OF AGREEMENT AND CLOSING

4.1 Preparation for Closing

- (a) Both before and after Closing, each of the Parties shall use all reasonable efforts to obtain any and all approvals and consents required under Applicable Law and any and all material approvals and consents of Third Parties required to permit the Transaction. The Parties acknowledge that the acquisition of such approvals and consents shall not be a condition precedent to Closing. It shall be the sole obligation of Purchaser, at Purchaser's sole cost and expense, to provide any and all financial assurances, remedial work or other documentation required by Governmental Authorities to permit the transfer to Purchaser, and registration of Purchaser as owner and/or operator, of any of the Assets including the Facilities and the Wells and of any Licences.
- (b) 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 Order 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.
- (c) 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 4.1(c), nor the Vendor's failure to comply with this Section 4.1(c) due to emergency circumstances, shall constitute a breach under this Agreement.
- (d) As soon as reasonably practicable after the execution of this Agreement, Vendor shall apply to the Court to obtain an Order substantially in the form attached as **Schedule "G"** (the "**Court Order**"), on notice to all parties then known to be affected thereby, authorizing, approving and confirming this Agreement and the Transaction, and vesting the Vendor's Interest in the Assets in Purchaser, free and clear of all encumbrances, liens, security interests, mortgages, charges or claims, other than Permitted Encumbrances.
- (e) The Parties shall cooperate in the preparation of the Specific Conveyances. At a reasonable time prior to Closing, Vendor shall use reasonable efforts to prepare and provide for Purchaser's review all Specific Conveyances at Vendor's own cost and expense. The Parties shall execute such Specific Conveyances at Closing. None of the Specific Conveyances shall confer or impose upon either Party any greater right or obligation than as contemplated in this Agreement. Promptly after Closing, Purchaser shall register and/or distribute (as applicable) all such Specific Conveyances and shall

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

4.2 Licence Transfers

- (a) Following the execution of this Agreement, the Vendor shall prepare and electronically submit an application to the applicable Governmental Authority for approval of the Licence Transfers and the Purchaser shall, where applicable, electronically ratify and sign such application.
- (b) If a Governmental Authority denies a Licence Transfer because of a mis-description or other minor deficiencies in the application, the Vendor shall, within two (2) Business Days of such denial, correct the application and amend and re-submit the application for the Licence Transfer and the Purchaser shall, where applicable, electronically ratify and sign such application.
- (c) If an applicable Governmental Authority requires a security deposit or other form of security as a condition to approving the Licence Transfers, or requires the Purchaser to furnish such Governmental Authority with:
 - (i) any further evidence, documentation or any other information in connection with their review of the application for the Licence Transfers, the Purchaser shall comply with such request as soon as possible and in any event, within the time frame stipulated by the applicable Governmental Authority (including without limiting the generality of the foregoing ensuring that its representatives attend meetings with the applicable Governmental Authority); or
 - (ii) a work plan or some other form of documentation as security as a condition of approving the Licence Transfers,the Purchaser shall promptly deliver such security or security deposit, evidence, documentation, information or work plan to such Governmental Authority.
- (d) Upon the receipt of confirmation of approval from the applicable Governmental Authority in respect of the application for the Licence Transfers (such that the Licence Transfers are registered in the name of the Purchaser), until Closing the Purchaser shall hold the Licences subject to the Licence Transfers in trust for the Vendor.
- (e) If the Licence Transfers have been completed and Closing does not occur by the Outside Date, at the request of the Vendor the Purchaser shall prepare and electronically submit an application to the Applicable Governmental Authority for approval of Licence Transfers to and in favour of the Vendor, and the Vendor shall, where applicable, electronically ratify and sign such application.

4.3 Closing

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

- (a) On the Closing Date, Vendor shall deliver to Purchaser:
 - (i) the General Conveyance in the form attached as **Schedule "E"**, duly executed by Vendor;

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

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of Vendor and Trustee

Vendor makes only the following representations to Purchaser:

- (a) MNP is the trustee in bankruptcy of Direct;
- (b) subject to obtaining and pursuant to the Court Order, Vendor has the right to enter into this Agreement and to complete the Transaction;
- (c) provided the Court Order is obtained, this Agreement and any other agreements delivered in connection herewith constitute valid and binding obligations of Vendor enforceable against Vendor in accordance with their terms;
- (d) Vendor has not since the Date of Appointment knowingly sold, disposed of, transferred, disclaimed, renounced, released or abandoned, or granted any charge or other encumbrance against, any of the Assets, provided that, for certainty, Vendor makes no representations and warranties with respect to charges or other encumbrances against any of the Assets; and
- (e) Vendor is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada).

5.2 Representations and Warranties of Purchaser

Purchaser makes the following representations and warranties to Vendor:

- (a) Purchaser is an Alberta corporation duly organized, validly existing and is authorized to carry on business in the provinces in which the Lands are located;
- (b) Purchaser has good right, full power and absolute authority to purchase and acquire the interest of Vendor in and to the Assets according to the true intent and meaning of this Agreement;
- (c) except for obtaining the Court Order, the execution, delivery and performance of this Agreement has been duly and validly authorized by any and all requisite corporate, shareholders', directors' or equivalent actions and will not result in any violation of, be in conflict with, or constitute a default under, any articles, charter, bylaw or other governing document to which Purchaser is bound;
- (d) the execution, delivery and performance of this Agreement will not result in any violation of, be in conflict with, or constitute a default under, any term or provision of any agreement or document to which Purchaser is party or by which Purchaser is bound, nor under any judgement, decree, order, statute, regulation, rule or license applicable to Purchaser;
- (e) provided the Court Order is obtained, this Agreement and any other agreements delivered in connection herewith constitute valid and binding obligations of Purchaser enforceable against Purchaser in accordance with their terms;
- (f) no authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body exercising jurisdiction over the Assets is required for the due execution, delivery and performance by Purchaser of this Agreement, other than authorizations, approvals or exemptions from requirement therefor previously obtained and currently in force or to be obtained prior to or after Closing;
- (g) Purchaser has adequate funds available in an aggregate amount sufficient to pay: (i) all amounts required to be paid by Purchaser under this Agreement; and (ii) all expenses which have been or will be incurred by Purchaser in connection with this Agreement and the Transaction;
- (h) Purchaser has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of this Agreement or the Transaction for which Vendor shall have any obligation or liability;
- (i) the Purchaser's LMR exceeds 1.0;
- (j) the Purchaser is in compliance with its obligations under the *Oil and Gas Conservation Act* (Alberta), the *Pipeline Act* (Alberta) and all regulations, directives, rules, directions and orders thereunder and equivalent legislation in other jurisdictions where the Lands are located, including without limitation Directive 067;
- (k) Purchaser is not a non-resident of Canada within the *Income Tax Act* (Canada); and
- (l) Purchaser is not a non-Canadian person for the purposes of the *Investment Canada Act* (Canada).

5.3 Limitation of Representations by Vendor

- (a) Notwithstanding anything to the contrary in this Agreement, Vendor expressly negates any representations or warranties except as expressly set forth in Section 5.1, whether written or verbal, made by Vendor or its Representatives and in particular, without limiting the generality of the foregoing, Vendor disclaims all liability and responsibility for any such representation, warranty, statement or information made or communicated, whether

verbal or in writing, to Purchaser or any of its Representatives. Vendor's interest in and to the Assets shall be purchased on a strictly "as is, where is" basis and there are no collateral agreements, conditions, representations or warranties of any nature whatsoever made by Vendor, express or implied, arising at law, by statute, in equity or otherwise, with respect to the Assets and in particular, without limiting the generality of the foregoing, there are no collateral agreements, conditions, representations or warranties made by Vendor, express or implied, arising at law, by statute, in equity or otherwise with respect to:

- (i) any engineering, geological or other interpretation or economic evaluations respecting the Assets;
 - (ii) the quality, quantity or recoverability of Petroleum Substances within or under the Lands or any lands pooled or unitized therewith;
 - (iii) any estimates of the value of the Assets or the revenues or cash flows from future production from the Lands;
 - (iv) the rates of production of Petroleum Substances from the Lands;
 - (v) the environmental state or condition of the Lands;
 - (vi) the availability or continued availability of facilities, services or markets for the processing, transportation or sale of any Petroleum Substances;
 - (vii) the quality, condition, fitness, suitability, serviceability or merchantability of any tangible depreciable equipment or property interests which comprise the Assets (including the Tangibles);
 - (viii) the accuracy or completeness of the Data Room Information or any other data or information supplied by the Vendor or any of its Representatives in connection with the Assets;
 - (ix) the suitability of the Assets for any purpose;
 - (x) compliance with Applicable Laws; or
 - (xi) the title and interest or ownership of Vendor in and to the Assets.
- (b) Without restricting the generality of the foregoing, Purchaser acknowledges that it has made its own independent investigation, analysis, evaluation and inspection of Vendor's interests in the Assets and the state and condition thereof and that it is satisfied with, and has relied solely on, such investigation, analysis, evaluation and inspection as to its assessment of the condition, quantum and value of the Assets and those matters specifically enumerated in Section 5.3(a).
- (c) Except with respect to the representations and warranties in Section 5.1 or in the event of fraud, Purchaser forever releases and discharges Vendor and its Representatives from any claims and all liability to Purchaser or Purchaser's assigns and successors, as a result of the use or reliance upon advice, information or materials pertaining to the Assets which was delivered or made available to Purchaser by Vendor or its Representatives prior to or pursuant to this Agreement, including any evaluations, projections, reports and interpretive or non-factual materials prepared by or for Vendor, or otherwise in Vendor's possession.

5.4 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, the Purchaser's sole recourse for any material breach of representation or warranty by the Vendor shall be for the Purchaser 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 5.4 and the limit on each Party's liability set out in this Section 5.4 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 INDEMNITIES

6.1 Post-Closing Date Indemnity

Provided that Closing has occurred, Purchaser shall:

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

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

6.2 Environmental Matters and Abandonment and Reclamation Obligations

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

- (a) be solely liable and responsible for any and all Losses which Vendor may suffer, sustain, pay or incur; and

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

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

6.3 Third Party Claims

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

- (a) upon the Third Party Claim being made against or commenced against the Indemnitee, the Indemnitee shall within ten (10) Business Days of notice thereof provide written notice thereof to the Indemnitor. The notice shall describe the Third Party Claim in reasonable detail and indicate the estimated amount, if practicable, of the indemnifiable Losses that have been or may be sustained by the Indemnitee in respect thereof. If the Indemnitee does not provide notice to the Indemnitor within such ten (10) Business Day period, then such failure shall only lessen or limit the Indemnitee's rights to indemnity hereunder to the extent that the defence of the Third Party Claim was prejudiced by such lack of timely notice;
- (b) if the Indemnitor acknowledges to the Indemnitee in writing that the Indemnitor is responsible to indemnify the Indemnitee in respect of the Third Party Claim pursuant hereto, the Indemnitor shall have the right to do either or both of the following:
 - (i) assume carriage of the defence of the Third Party Claim using legal counsel of its choice and at its sole cost; and/or
 - (ii) settle the Third Party Claim, provided the Indemnitor pays the full monetary amount of the settlement and the settlement does not impose any restrictions or obligations on the Indemnitee;
- (c) each Party shall co-operate with the other Party in the defence of the Third Party Claim, including making available to the other Party and its Representatives whose assistance, testimony or presence is of material assistance in evaluating and defending the Third Party Claim;
- (d) the Indemnitee shall not enter into any settlement, consent order or other compromise with respect to the Third Party Claim without the prior written consent of the Indemnitor (which consent shall not be unreasonably withheld or delayed), unless the Indemnitee waives its rights to indemnification in respect of the Third Party Claim;
- (e) upon payment of the Third Party Claim, the Indemnitor shall be subrogated to all claims the Indemnitee may have relating thereto. The Indemnitee shall give such further assurances and co-operate with the Indemnitor to permit the Indemnitor to pursue such subrogated claims as reasonably requested by it; and

- (f) if the Indemnitor has paid an amount pursuant to the indemnification obligations herein and the Indemnitee shall subsequently be reimbursed from any source in respect of the Third Party Claim from any Third Party, the Indemnitee shall promptly pay the amount of the reimbursement (including interest actually received) to the Indemnitor, net of taxes required to be paid by the Indemnitee as a result of any such receipt.

ARTICLE 7 COVENANTS

7.1 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 proceedings relating to the Court Order; or (D) as otherwise provided in the Court Order or any other order of the Court in connection with the proceedings relating to the Court Order; following the date hereof and prior to Closing, to the extent reasonably practicable having regard to the proceedings relating to the Court Order, the Vendor shall use commercially reasonable efforts to:
 - (i) 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 Title Documents;
 - (ii) 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; or
 - (iii) not authorize or agree, in writing or otherwise, to take any of the actions in respect of the foregoing.
- (b) Prior to Closing, Vendor shall, subject to all contractual and fiduciary obligations, (i) at the Calgary offices of Vendor during normal business hours, provide reasonable access for Purchaser and its Representatives to Vendor's records, books, accounts, documents, files, reports, information, materials, filings, and data, to the extent they relate directly to the Assets, for the purpose of Purchaser's review of the Assets and title thereto; and (ii) as reasonably required by the Purchaser in order to allow for and assist the Purchaser with an orderly passing of the Assets to the Purchaser following Closing in accordance herewith.
- (c) The access to the Assets to be afforded to the Purchaser and its Representatives pursuant to this Section 7.1 will be subject to the Title Documents and all of the Vendor's and the Direct'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 which the Vendor, Direct, their respective Affiliates or their respective Representatives may suffer, sustain, pay or incur; and
 - (ii) as a separate covenant, indemnify and save harmless the Vendor, Direct, their respective Affiliates and their respective Representatives harmless from any and all claims and all Losses whatsoever which may be brought against, suffered by or incurred by the Vendor, Direct, their respective 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 7.1.

7.2 ROFRs

- (a) The Purchaser acknowledges that it shall be responsible for conducting such separate investigation of the Assets as the Purchaser has determined is appropriate with respect to the identification of ROFRs applicable to the Assets as soon as is reasonably practicable after the date hereof. Promptly following the identification of Assets which are the subject of ROFRs, the Purchaser shall provide the Vendor with its bona fide allocation of the amount 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 amount attributable thereto pursuant to Section 7.2(a). The Vendor shall utilize the Purchaser's allocation of value 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 paid to the Vendor, and the Purchase Price shall be subject to a reduction in the amount of such proceeds received by the Vendor 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 have (as of the Closing Date) prepared 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 7.2(c) shall apply to the Assets which are the subject of the Outstanding ROFR being exercised by the Third Party, *mutatis mutandis*; and
 - (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 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.

7.3 Post-Closing Transition

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

- (a) in a timely manner, deliver to Purchaser all Third Party notices and communications, including authorizations for expenditures and mail ballots and all notices and communications received in respect of the Assets or events and occurrences affecting the Assets, and Vendor shall respond to such notices pursuant to Purchaser's written instructions, if received on a timely basis, provided that Vendor may refuse to follow any instructions which it reasonably believes to be unlawful, unethical or in conflict with any applicable agreement or contract, and provided that nothing shall preclude Vendor from taking such actions as Vendor reasonably determines are necessary for the protection of life or property, or as are required by all Applicable Laws, rules, regulations, orders and directions of Governmental Authorities and other competent authorities; and
- (b) receive all revenues which are the property of Purchaser pursuant to this Agreement, as bare trustee and shall remit such revenues to Purchaser in a timely fashion.

7.4 Vendor Deemed Purchaser's Trustee and Agent with respect to Assets

- (a) Insofar as Vendor maintains the Assets and takes actions in relation thereto on Purchaser's behalf pursuant to this Article 7, Vendor shall be deemed to be the bare trustee and agent of Purchaser hereunder. Purchaser ratifies all actions taken by Vendor or refrained from being taken by Vendor pursuant to this Article 7 in such capacity during such period, with the intention that all such actions shall be deemed to be Purchaser's actions.
- (b) Purchaser shall indemnify Vendor and its Representatives against all Losses which Vendor or its Representatives may suffer or incur as a result of Vendor maintaining the Assets as Purchaser's bare trustee and agent pursuant to this Article 7, insofar as such Losses are not a direct result of the gross negligence or wilful misconduct of Vendor or its Representatives.

7.5 Title Documents and Miscellaneous Interests

As soon as practicable following Closing:

- (a) Vendor shall deliver to Purchaser such original copies of the Title Documents and any other agreements and documents to which the Assets are subject;
- (b) Vendor shall deliver to Purchaser such original copies of contracts, agreements, records, books, documents, licenses, reports and data comprising Miscellaneous Interests; and
- (c) Vendor shall permit Purchaser to copy all information and data relating directly to and comprising the Assets stored on Direct's servers, network drives and similar computer hardware,

to the extent that the forgoing is in the possession or control of Vendor or of which Vendor gains possession or control of prior to Closing.

7.6 Vendor's Post-Closing Access to Information

After Closing and subject to contractual restrictions in favour of Third Parties relative to disclosure, Purchaser shall, on request from Vendor, provide reasonable access to Vendor at Purchaser's offices, during its normal business hours, to the agreements and documents to which the Assets are subject and the contracts, agreements, records, books, documents, licenses, reports and data included in the Miscellaneous Interests and the Title Documents which are then in the possession or control of Purchaser and to make copies thereof, as Vendor may reasonably require, including for purposes relating to Direct's or Vendor's ownership of the Assets (including taxation matters and liabilities and claims that arise from or relate to acts, omissions, events, circumstances or operations on or before the Closing Date), enforcing its rights under this Agreement, compliance with Applicable Law or any claim commenced or threatened by any Third Party against Direct or Vendor. All of the information, materials and other records delivered to Purchaser pursuant to the terms hereof shall be maintained in good order and good condition and kept in a reasonably accessible location by Purchaser for a period of two (2) years from the Closing Date.

ARTICLE 8 TERMINATION

8.1 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 3.2 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 (A) the Court Order has not been obtained, or (B) 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 3.3 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 (A) the Order has not been obtained, or (B) 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.

8.2 Effect of Termination

Notwithstanding any termination of this Agreement as permitted under Section 8.1, or as otherwise provided for in this Agreement, the provisions of Sections 9.13 (Confidentiality and Public Announcements) and 9.5 (Governing Law) shall remain in full force and effect following any such permitted termination.

ARTICLE 9 GENERAL

9.1 Further Assurances

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

9.2 No Merger

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

9.3 Trustee

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

9.4 Entire Agreement

The provisions contained in any and all documents and agreements collateral hereto shall at all times be read subject to the provisions of this Agreement and, in the event of conflict, the provisions of this Agreement shall prevail. This Agreement supersedes all other agreements (other than the Confidentiality Agreement dated as of April 18, 2020 (the "**Confidentiality Agreement**") between Vendor and Purchaser), documents, writings and verbal understandings between the Parties relating to the subject matter hereof and expresses the entire agreement of the Parties with respect to the subject matter hereof.

9.5 Governing Law

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

9.6 Signs and Notifications

Within sixty (60) days following Closing, Purchaser shall remove any signage which indicates Direct's ownership or operation of the Assets. It shall be the responsibility of Purchaser to erect or install

any signage required by applicable Governmental Authorities indicating Purchaser to be the owner or operator of the Assets.

9.7 Assignment and Enurement

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

9.8 Time of Essence

Time shall be of the essence in this Agreement.

9.9 Notices

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

Vendor - MNP Ltd.
1500, 640 - 5th Avenue SW
Calgary, AB T2P 3G4

Attention: Victor P. Kroeger CIRP, LIT, CPA, CA, CFE
Email: vic.kroeger@mnp.ca

With a copy to:

Gowling WLG (Canada) LLP
Suite 1600, 421 7th Avenue SW
Calgary, AB T2P 4K9

Attention: Tom Cumming
Email: tom.cumming@gowlingwlg.com

Purchaser - Tallahassee Exploration Inc.
1910, 401 9th Avenue SW
Calgary, AB T2P 3C5

Attention: Ghazanfar Zafar
Email: Ghazanfar.Zafar@tallah.ca

With a copy to:

Burnet, Duckworth & Palmer LLP
8th Avenue Place, East Tower
2400, 525-8th Avenue, S.W.
Calgary, AB T2P 1G1

Attention: Daryl S. Fridhandler, Q.C.
Email: DSF@bdplaw.com

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

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

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

9.10 Invalidity of Provisions

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

9.11 Waiver

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

9.12 Amendment

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

9.13 Confidentiality and Public Announcements

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

9.14 Counterpart Execution

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

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

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

MNP LTD., solely in its capacity as the trustee in bankruptcy of **DIRECT OIL & GAS LTD.**, and not in its personal or corporate capacity

TALLAHASSEE EXPLORATION INC.

Per: _____
Name: **Victor P. Kroeger**
Title: **Senior Vice President**

Per: _____
Name: **GHAZANFAR ZAFAR**
Title: **PRESIDENT**

Per: _____
Name: _____
Title: _____

SCHEDULE "A"

to the Purchase and Sale Agreement dated the 16th day of October, 2020 between MNP Ltd., solely in its capacity as the trustee in bankruptcy of Direct Oil & Gas Ltd., and not in its personal or corporate capacity, and Tallahassee Exploration Inc.

Lands and Petroleum and Natural Gas Rights

See attached redacted excerpts of the Direct Oil & Gas Inc. Mineral Property Report generated by Nicole Edwards dated January 24, 2019 at 12:50:07 pm (20 pages including cover page)

File Number	PNG Lease Number	Lands	Rights	Hectares	Royalties	Working Interest (%)
M0013	5496030062	91-3-W6M Sec 34	PNG to base Bluesky-Bullhead	256	CSS/GORR 0.5%	100
M0046	177050037	92-2-W6M Sec 19	PNG to base Debolt	256	CSS/GOR 6.25%/GOR 0.5%	100
M0044	1755	92-3-W6M Sec 11	NG in Bluesky-Bullhead-Belloy	256	CSS/GOR 0.5%	100
M0051	598010378	92-3-W6M Sec 12	PNG to base Bluesky-Bullhead	256	CSS/GOR 5%	100
M0045	1752	92-2-W6M Sec 7 & 92-3-W6M Sec 13	NG in Bluesky-Bullhead-Belloy; NG in upper Debolt (Excl. Wellbore 5-7-92-2-W6)	512	CSS/GOR 6.25%/GOR 0.5%	100
M0052	5497120140	92-3-W6M Secs 14 & 15	PNG to base Bluesky-Bullhead	512	CSS/GOR 5%	100
M0052	5497120140	92-3-W6M Secs 14 & 15	PNG to base Bluesky-Bullhead	512	CSS/GOR 5%	100
M0016	580040228	92-3-W6M Sec 3	PNG to base Bluesky-Bullhead	256	CSS/GOR 0.6975%/GOR 5%/GOR 1%/GOR 2%/GOR 0.5%	81.332257
M0012A	178030003	87-3-W6M NW 29	PNG TO BASE LEDUC	64	CSS/GOR 0.5%	100

DIRECT OIL & GAS INC.

Mineral Property Report

Generated by Nicole Edwards on January 24, 2019 at 12:50:07 pm.

Selection

Admin Company:
Category:
Country:
Province:
Division:
Area(s):
Active / Inactive: Active
Status Types:
Lease Types:
Acreage Status:
Expiry Period:
Acreage Category:

Print Options

Acres / Hectares: Hectares
Working Interest DOI: Yes
Other DOI: Reference
Related Contracts: Yes **Related Units:** No
Royalty Information: Yes **Expand:** Yes
Well Information: Yes
Remarks: No
Acreage: Developed / Undeveloped

Sort Options

Division: No
Category: No
Province: Yes
Area: Yes
Location: No



Report Date: Jan 24, 2019

Page Number: 91

REPORTED IN HECTARES

DIRECT OIL & GAS INC. Mineral Property Report

Province: ALBERTA

Area : EUREKA

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held
M0012	PNG LSE CR	Eff: Mar 02, 1978	64.000			WI	TWP 087 RGE 03 W6M NW 29
Sub: A	WI	Exp: Mar 01, 1988	64.000	DIRECT OIL & GA		100.00000000	PNG TO BASE LEDUC
ACTIVE	0178030003	Ext: 15	64.000				
	DIRECT OIL & GA			Total Rental:	224.00		
100.00000000	DIRECT OIL & GA						

----- Related Contracts -----
C0066 C ROYALTY Dec 01, 2015
PS0001 A P&S Aug 22, 2017 (I)

Status	Dev:	Hectares	Net	Undev:	Hectares	Net
DEVELOPED		64.000	64.000		0.000	0.000

----- Well U.W.I. Status/Type -----
100/13-29-087-03-W6/00 PRODUCING/OIL

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0066 C	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD
	Roy Percent: 0.50000000				
	Deduction: NO				
	Gas: Royalty: 0.50000000				
	S/S OIL: Min:	Max:	Min Pay:	Div:	Prod/Sales:
	Other Percent:		Min:		Prod/Sales:
	Paid to: PD TO (C)		Paid by: PD BY (C)		
	ROTHWELL DEV 100.00000000		DIRECT OIL & GA 100.00000000		

ROYALTY DEDUCTIONS -

NO DEDUCTIONS

GENERAL REMARKS -

GORR IS PAYABLE ON 100% OF ROYALTY PAYOR'S WORKING INTEREST SHARE OF PRODUCTION

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD
Roy Percent:				

Report Date: Jan 24, 2019

Page Number: 92

REPORTED IN HECTARES

DIRECT OIL & GAS INC. Mineral Property Report

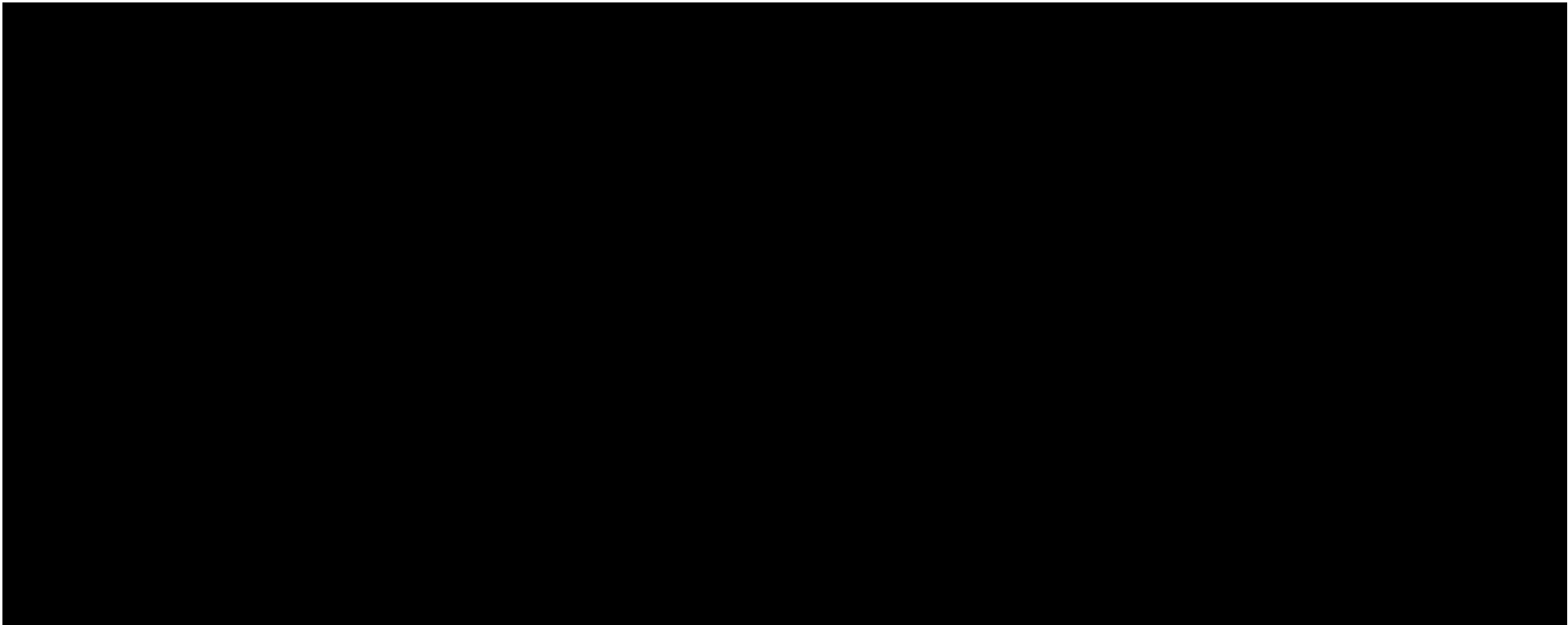
Province: ALBERTA

Area : EUREKA

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M0012	A	Deduction: STANDARD					
		Gas: Royalty:		Min Pay:		Prod/Sales:	
		S/S OIL: Min:	Max:	Div:		Prod/Sales:	
		Other Percent:		Min:		Prod/Sales:	
		Paid to: LESSOR (M)		Paid by: WI (M)			
		AB ENERGY	100.00000000	DIRECT OIL & GA	100.00000000		



Report Date: Jan 24, 2019

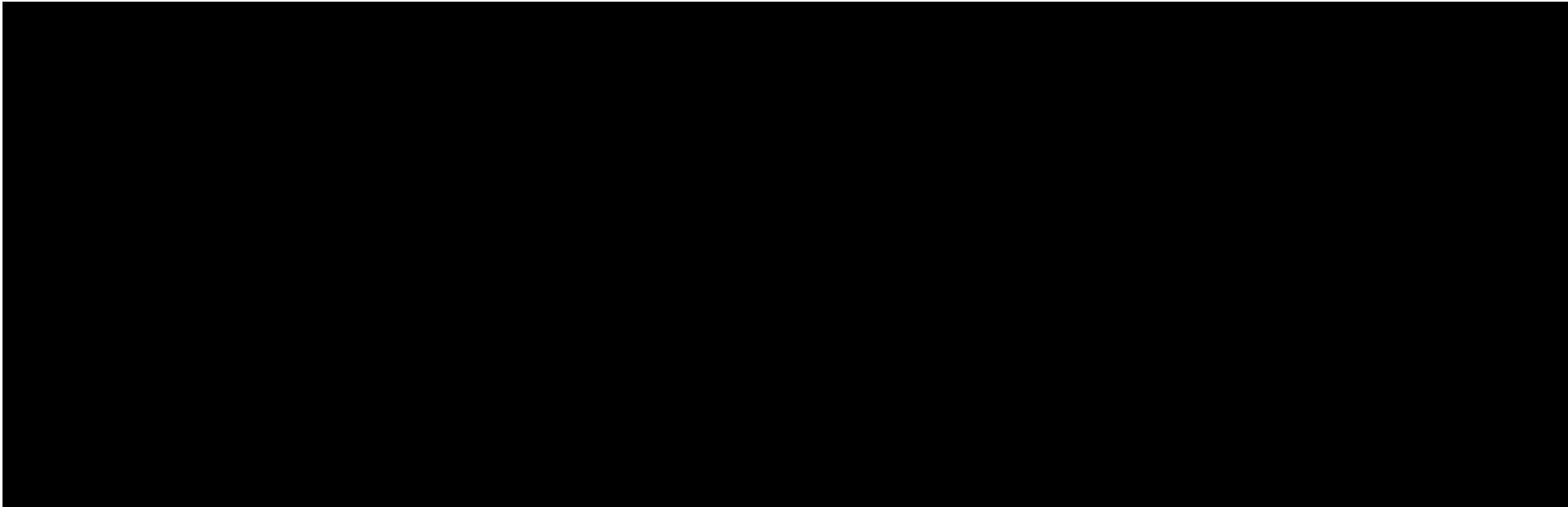
Page Number: 260

REPORTED IN HECTARES

DIRECT OIL & GAS INC. Mineral Property Report

Province: ALBERTA
Area : NOTIKEWIN

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held



M0013 PNG LIC CR Eff: Mar 07, 1996 256.000 WI
 Sub: C WI Exp: Mar 06, 2000 256.000 DIRECT OIL & GA 100.00000000
 ACTIVE 5496030062 Ext: 15 256.000
 100.00000000 DIRECT OIL & GA

Total Rental: 896.00

TWP 091 RGE 03 W6M SEC 34
PNG TO BASE BLUESKY-BULLHEAD

----- Related Contracts -----
 C0066 B ROYALTY Dec 01, 2015
 PS0001 A P&S Aug 22, 2017 (I)

Status	Dev:	Hectares	Net	Undev:	Hectares	Net
DEVELOPED		256.000	256.000		0.000	0.000

----- Well U.W.I. Status/Type -----
 100/08-34-091-03-W6/00 PRODUCING/GAS

Royalty / Encumbrances

Report Date: Jan 24, 2019

Page Number: 261

REPORTED IN HECTARES

DIRECT OIL & GAS INC. Mineral Property Report

Province: ALBERTA
Area : NOTIKEWIN

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0066 B	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD

Roy Percent: 0.50000000

Deduction: NO

M0013	C	Gas: Royalty: 0.50000000	Min Pay:	Prod/Sales:
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S/S OIL: Min:	Max:	Div:	Prod/Sales:
---------------	------	------	-------------

Other Percent:	Min:	Prod/Sales:
----------------	------	-------------

Paid to: PD TO (C)	Paid by: PD BY (C)
ROTHWELL DEV 100.00000000	DIRECT OIL & GA 100.00000000

ROYALTY DEDUCTIONS -

NO DEDUCTIONS

GENERAL REMARKS -

GORR IS PAYABLE ON 100% OF ROYALTY PAYOR'S WORKING INTEREST SHARE OF PRODUCTION

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:

Deduction: STANDARD

Gas: Royalty:	Min Pay:	Prod/Sales:
---------------	----------	-------------

S/S OIL: Min:	Max:	Div:	Prod/Sales:
---------------	------	------	-------------

Other Percent:	Min:	Prod/Sales:
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Paid to: LESSOR (M)	Paid by: WI (M)
AB ENERGY 100.00000000	DIRECT OIL & GA 100.00000000

Report Date: Jan 24, 2019
 Page Number: 262

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : NOTIKEWIN

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

M0016	PNG LSE CR	CR	Eff: Apr 24, 1980	256.000	C0020 A No	WI	TWP 092 RGE 03 W6M SEC 22
Sub: A	WI		Exp: Apr 23, 1985	256.000	DIRECT OIL & GA	81.33225700	PNG TO BASE BLUESKY-BULLHEAD
ACTIVE	0580040228		Ext: 15	208.211	CONOCO CAN RES	1.93719300	(EXCLUDING THE
	DIRECT OIL & GA				KNICKERBOCKER	1.60000000	100/06-22-092-03-W6 WELLBORE)
100.00000000	DIRECT OIL & GA				SIGNALTA	14.51945000	
					RJM CORP.	0.35000000	
					MCCHIPRE	0.13055000	
					NORCANAGEO	0.13055000	

Total Rental: 896.00

Status	Dev:	Hectares	Net	Undev:	Hectares	Net
DEVELOPED		256.000	208.211		0.000	0.000

----- Related Contracts -----

C0019 A	ORR	Aug 31, 1998
C0020 A	JOA	Apr 24, 1980
C0021 A	ROYALTY	Apr 23, 1981
C0022 A	ORR	Jun 01, 1979
C0023 A	CARRIED WI	May 31, 1981
C0066 B	ROYALTY	Dec 01, 2015
PS0001 A	P&S	Aug 22, 2017 (I)

----- Well U.W.I. Status/Type -----

100/13-22-092-03-W6/00 D&C/GAS
 100/13-22-092-03-W6/02 PRODUCING/GAS

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0023 A	NET CARRIED INTEREST	ALL PRODUCTS	N	N	81.33225700 % of
	Roy Percent: 0.69750000				
	Deduction: YES				
	Gas: Royalty:	Min Pay:		Prod/Sales:	
	S/S OIL: Min:	Max:	Div:	Prod/Sales:	
	Other Percent:		Min:	Prod/Sales:	

Paid to: PD TO (C)	Paid by: PD BY (C)
DEANE 100.00000000	DIRECT OIL & GA 100.00000000

ROYALTY DEDUCTIONS - Feb 17, 2012

PER AMENDING AGREEMENT DATED JUNE 1, 1981 ALLOWABLE DEDUCTIONS FROM
 PROCEEDS OF THE SALE OF PETROLEUM SUBSTANCES INCLUDE: ALL ROYALTIES,

Report Date: Jan 24, 2019

Page Number: 263

REPORTED IN HECTARES

DIRECT OIL & GAS INC. Mineral Property Report

Province: ALBERTA
Area : NOTIKEWIN

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M0016 A TAXES,TRANSPORTATION COSTS, PROCESSING, DISTRIBUTION AND COMPRESSION.

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0019 A	OVERRIDING ROYALTY	ALL PRODUCTS	N	N	36.33225700 % of PROD
	Roy Percent: 5.00000000				
	Deduction: YES				
	Gas: Royalty:	Max:	Min Pay:		Prod/Sales:
	S/S OIL: Min:		Div:		Prod/Sales:
	Other Percent:		Min:		Prod/Sales:
	Paid to: PD TO (C)		Paid by: PD BY (C)		
	PRAIRIESKY 100.00000000		DIRECT OIL & GA 100.00000000		

ROYALTY DEDUCTIONS - Feb 17, 2012

OIL - PROP SHARE OF TRANSPORTATION , NOT TO EXCEED CROWN DEDUCTS
GAS - GATHERING, PROCESSING, TRANSPORTATION - NOT TO EXCEED CROWN
DEDUCTS. CANNOT REDUCE ROYALTY BELOW 60% OF GROSS PROCEEDS

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0022 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	45.00000000 % of PROD
	Roy Percent: 1.00000000				
	Deduction: STANDARD				
	Gas: Royalty:	Max:	Min Pay:		Prod/Sales:
	S/S OIL: Min:		Div:		Prod/Sales:
	Other Percent:		Min:		Prod/Sales:
	Paid to: PD TO (C)		Paid by: PD BY (C)		
	CHEETHAMR 100.00000000		DIRECT OIL & GA 100.00000000		

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
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Report Date: Jan 24, 2019

Page Number: 264

REPORTED IN HECTARES

DIRECT OIL & GAS INC. Mineral Property Report

Province: ALBERTA
Area : NOTIKEWIN

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

C0021 A GROSS OVERRIDING ROYALTY ALL PRODUCTS N N 100.00000000 % of PROD

Roy Percent: 2.00000000

Deduction: NO

M0016 A Gas: Royalty: Min Pay: Prod/Sales:

S/S OIL: Min: Max: Div: Prod/Sales:

Other Percent: Min: Prod/Sales:

Paid to: PD TO (C)	Paid by: PD BY (C)
CAROM 100.00000000	DIRECT OIL & GA 81.33225700
	CONOCOPHILLIPS 3.66774300
	SIGNALTA 14.51945000
	RJM CORP. 0.35000000
	MCCHIPRE 0.13055000

GENERAL REMARKS - Jul 25, 2008
NO DEDUCTIONS

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
----------	--------------	--------------	---------------	-------------	-----------------

C0066 B GROSS OVERRIDING ROYALTY ALL PRODUCTS N N 100.00000000 % of PROD

Roy Percent: 0.50000000

Deduction: NO

Gas: Royalty: 0.50000000 Min Pay: Prod/Sales:

S/S OIL: Min: Max: Div: Prod/Sales:

Other Percent: Min: Prod/Sales:

Paid to: PD TO (C)	Paid by: PD BY (C)
ROTHWELL DEV 100.00000000	DIRECT OIL & GA 100.00000000

Report Date: Jan 24, 2019

Page Number: 266

REPORTED IN HECTARES

DIRECT OIL & GAS INC. Mineral Property Report

Province: ALBERTA
Area : NOTIKEWIN

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M0044

Sub:	A	Status	Dev:	Hectares	Net	Undev:	Hectares	Net	Well U.W.I.	Status/Type
		DEVELOPED		256.000	256.000		0.000	0.000	100/10-11-092-03-W6/00	PRODUCING/GAS

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0066 K	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD
	Roy Percent:	0.50000000			
	Deduction:	NO			
	Gas: Royalty:	0.50000000	Min Pay:		Prod/Sales:
	S/S OIL: Min:		Div:		Prod/Sales:
	Other Percent:		Min:		Prod/Sales:
	Paid to: PD TO (C)		Paid by: PD BY (C)		
	ROTHWELL DEV 100.00000000		DIRECT OIL & GA 100.00000000		

ROYALTY DEDUCTIONS -

NO DEDUCTIONS

GENERAL REMARKS -

GORR IS PAYABLE ON 100% OF ROYALTY PAYOR'S WORKING INTEREST SHARE OF PRODUCTION

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD
Roy Percent:				
Deduction:	STANDARD			
Gas: Royalty:		Min Pay:		Prod/Sales:
S/S OIL: Min:		Div:		Prod/Sales:

Report Date: Jan 24, 2019

Page Number: 267

REPORTED IN HECTARES

DIRECT OIL & GAS INC. Mineral Property Report

Province: ALBERTA
Area : NOTIKEWIN

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

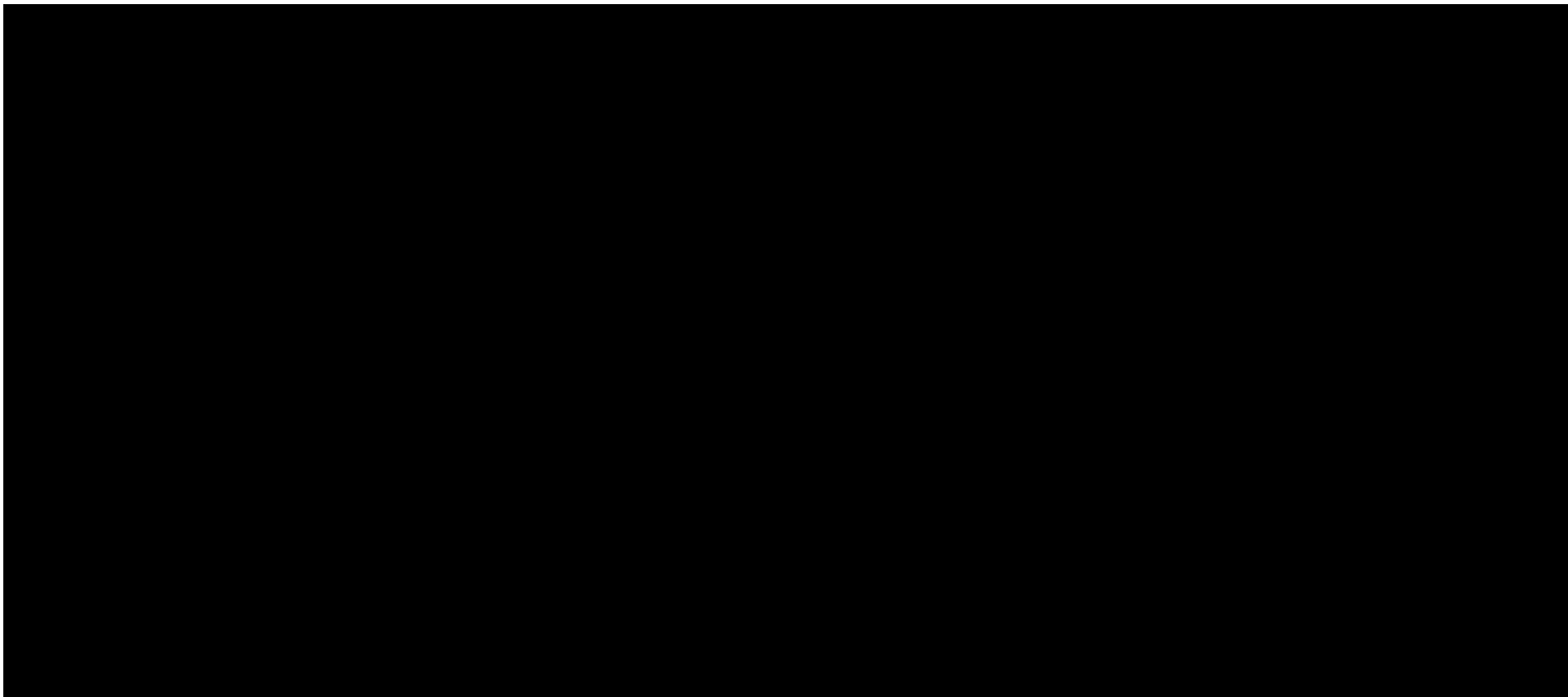
Other Percent:

Min:

Prod/Sales:

Paid to: LESSOR (M)
AB ENERGY 100.00000000

Paid by: WI (M)
DIRECT OIL & GA 100.00000000



DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : NOTIKEWIN

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held
M0045	NG	CR	512.000			WI	TWP 92 RGE 2 W6M 7
Sub: B	WI		512.000	DIRECT OIL & GA		100.00000000	TWP 92 RGE 3 W6M 13
ACTIVE	1752		512.000				NG IN BLUESKY-BULLHEAD-BELLOY;
	DIRECT OIL & GA			Total Rental: 1792.00			NG IN UPPER_DEBOLT
100.00000000	DIRECT OIL & GA						(EXCLUDING THE
							100/05-07-092-02-W6 WELLBORE)

Status	Dev:	Hectares	Net	Undev:	Hectares	Net
DEVELOPED		512.000	512.000		0.000	0.000

Royalty / Encumbrances

----- Related Contracts -----

C0046 A	ROYALTY	Dec 02, 1975
C0066 L	ROYALTY	Dec 01, 2015
PS0001 A	P&S	Aug 22, 2017 (I)

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0046 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	20.00000000 % of PROD
	Roy Percent: 6.25000000				
	Deduction: UNKNOWN				
	Gas Royalty:	Min Pay:			Prod/Sales:
	S/S OIL: Min:	Div:			Prod/Sales:
	Other Percent:	Min:			Prod/Sales:
	Paid to: PAIDTO (R)	Paid by: WI (C)			
	DGLENERG 100.00000000	DIRECT OIL & GA 100.00000000			

----- Well U.W.I. Status/Type -----

100/04-13-092-03-W6/00	ABN & REEN/AB
100/04-13-092-03-W6/02	PRODUCING/GAS
100/04-13-092-03-W6/03	D&C/GAS

GENERAL REMARKS - Jul 25, 2008

DEDUCTIONS- REASONABLE TREATING, PROCESSING, TRANSPORTINGAS ALLOWED BY THE CROWN

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0066 L	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD
	Roy Percent: 0.50000000				
	Deduction: NO				

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REPORTED IN HECTARES

DIRECT OIL & GAS INC. Mineral Property Report

Province: ALBERTA
Area : NOTIKEWIN

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M0045	B	Gas: Royalty: 0.50000000					
		S/S OIL: Min:	Max:	Min Pay:	Div:	Prod/Sales:	
		Other Percent:		Min:		Prod/Sales:	

Paid to: PD TO (C)		Paid by: PD BY (C)	
ROTHWELL DEV	100.00000000	DIRECT OIL & GA	100.00000000

ROYALTY DEDUCTIONS -

NO DEDUCTIONS

GENERAL REMARKS -

GORR IS PAYABLE ON 100% OF ROYALTY PAYOR'S WORKING INTEREST SHARE OF PRODUCTION

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:

Deduction: STANDARD

Gas: Royalty:		Min Pay:	Prod/Sales:
S/S OIL: Min:	Max:	Div:	Prod/Sales:
Other Percent:		Min:	Prod/Sales:

Paid to: LESSOR (M)		Paid by: WI (M)	
AB ENERGY	100.00000000	DIRECT OIL & GA	100.00000000

M0046	PNG LSE CR	Eff: May 12, 1977	256.000		WI	TWP 92 RGE 2 W6M 19
Sub: A	WI	Exp: May 11, 1987	256.000	DIRECT OIL & GA	100.00000000	PNG TO BASE DEBOLT
ACTIVE	0177050037	Ext: 15	256.000			

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REPORTED IN HECTARES

DIRECT OIL & GAS INC. Mineral Property Report

Province: ALBERTA
Area : NOTIKEWIN

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M0046

Sub: A DIRECT OIL & GA Total Rental: 896.00
 100.00000000 DIRECT OIL & GA

----- Related Contracts -----

C0046 B ROYALTY Dec 02, 1975
 C0066 G ROYALTY Dec 01, 2015
 PS0001 A P&S Aug 22, 2017 (I)

Status	Dev:	Hectares	Net	Undev:	Hectares	Net
DEVELOPED		256.000	256.000		0.000	0.000

----- Well U.W.I. Status/Type -----

100/10-19-092-02-W6/00 PRODUCING/GAS

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0046 B	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	20.00000000 % of PROD
	Roy Percent: 6.25000000				
	Deduction: UNKNOWN				
	Gas: Royalty:		Min Pay:		Prod/Sales:
	S/S OIL: Min:	Max:	Div:		Prod/Sales:
	Other Percent:		Min:		Prod/Sales:
	Paid to: PAIDTO (R)		Paid by: WI (C)		
	DGLENERG 100.00000000		DIRECT OIL & GA 100.00000000		

GENERAL REMARKS - Jul 25, 2008

DEDUCTIONS= REASONABLE TREATING, PROCESSING, TRANSPORTING AS ALLOWED BY THE CROWN

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0066 G	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD
	Roy Percent: 0.50000000				
	Deduction: NO				
	Gas: Royalty: 0.50000000		Min Pay:		Prod/Sales:
	S/S OIL: Min:				

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REPORTED IN HECTARES

DIRECT OIL & GAS INC. Mineral Property Report

Province: ALBERTA
Area : NOTIKEWIN

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M0051

Sub: A

100.00000000 DIRECT OIL & GA

C0045 B ROYALTY Dec 14, 1999

C0066 B ROYALTY Dec 01, 2015

PS0001 A P&S Aug 22, 2017 (I)

Status	Dev:	Hectares	Net	Undev:	Hectares	Net
DEVELOPED		256.000	256.000		0.000	0.000

----- Well U.W.I. Status/Type -----
100/07-12-092-03-W6/00 PRODUCING/GAS

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0045 B	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD
	Roy Percent: 5.00000000				
	Deduction: NO				
	Gas: Royalty:	Max:	Min Pay:		Prod/Sales:
	S/S OIL: Min:		Div:		Prod/Sales:
	Other Percent:		Min:		Prod/Sales:
	Paid to: PD TO (C)		Paid by: PD BY (C)		
	FH ROYALTIES 100.00000000		DIRECT OIL & GA 100.00000000		

GENERAL REMARKS - Jul 25, 2008

NO DEDUCTIONS. NG ROYALTY SHALL BE MIN OF SALES VOLUMES FROM EACH WELLHEAD EACH MONTH MULTIPLIED BY PROVINCIAL REF PRICE

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0066 B	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD
	Roy Percent: 0.50000000				
	Deduction: NO				
	Gas: Royalty: 0.50000000		Min Pay:		Prod/Sales:
	S/S OIL: Min:				

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REPORTED IN HECTARES

DIRECT OIL & GAS INC. Mineral Property Report

Province: ALBERTA
Area : NOTIKEWIN

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M0052

Sub: A

100.00000000 DIRECT OIL & GA

C0045 B ROYALTY Dec 14, 1999

C0066 B ROYALTY Dec 01, 2015

PS0001 A P&S Aug 22, 2017 (I)

Status	Dev:	Hectares	Net	Undev:	Hectares	Net
DEVELOPED		512.000	512.000		0.000	0.000

----- Well U.W.I. Status/Type -----

100/03-14-092-03-W6/00 PRODUCING/GAS

100/16-15-092-03-W6/00 PRODUCING/GAS

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0045 B	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD
	Roy Percent: 5.00000000				
	Deduction: NO				
	Gas: Royalty:	Min Pay:			Prod/Sales:
	S/S OIL: Min:	Max:	Div:		Prod/Sales:
	Other Percent:		Min:		Prod/Sales:
	Paid to: PD TO (C)		Paid by: PD BY (C)		
	FH ROYALTIES 100.00000000		DIRECT OIL & GA 100.00000000		

GENERAL REMARKS - Jul 25, 2008

NO DEDUCTIONS. NG ROYALTY SHALL BE MIN OF SALES VOLUMES FROM EACH WELLHEAD EACH MONTH MULTIPLIED BY PROVINCIAL REF PRICE

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0066 B	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD
	Roy Percent: 0.50000000				
	Deduction: NO				
	Gas: Royalty: 0.50000000	Min Pay:			Prod/Sales:
	S/S OIL: Min:				

Report Date: Jan 24, 2019

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REPORTED IN HECTARES

DIRECT OIL & GAS INC. Mineral Property Report

Province: ALBERTA
Area : NOTIKEWIN

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

Other Percent:	Max:	Div:	Prod/Sales:
		Min:	Prod/Sales:
Paid to: PD TO (C)		Paid by: PD BY (C)	
ROTHWELL DEV	100.00000000	DIRECT OIL & GA	100.00000000

ROYALTY DEDUCTIONS -

NO DEDUCTIONS

GENERAL REMARKS -

GORR IS PAYABLE ON 100% OF ROYALTY PAYOR'S WORKING INTEREST SHARE OF PRODUCTION

M0052 A

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD
Roy Percent:				
Deduction: STANDARD				
Gas: Royalty:		Min Pay:	Prod/Sales:	
S/S OIL: Min:	Max:	Div:	Prod/Sales:	
Other Percent:		Min:	Prod/Sales:	
Paid to: LESSOR (M)		Paid by: WI (M)		
AB ENERGY	100.00000000	DIRECT OIL & GA	100.00000000	

Report Date: Jan 24, 2019

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REPORTED IN HECTARES

DIRECT OIL & GAS INC. Mineral Property Report

Province: ALBERTA
Area : NOTIKEWIN

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code			
File Status	Int Type / Lse No/Name		Gross						
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*			Lease Description / Rights Held

Area Total:	Total Gross:	3,072.000	Total Net:	3,024.211					
	Dev Gross:	2,816.000	Dev Net:	2,768.211	Undev Gross :	256.000	Undev Net :	256.000	

SCHEDULE "B"

to the Purchase and Sale Agreement dated the 16th day of October, 2020 between MNP Ltd.,
solely in its capacity as the trustee in bankruptcy of Direct Oil & Gas Ltd.,
and not in its personal or corporate capacity, and Tallahassee Exploration Inc.

License Number	Type	Category	Facility Name	Location
F17553	Battery		WORMWOOD 10-18-092-02W6	10-18-092-02W6
F17553	Gas gathering system		WORMWOOD 10-18-092-02W6	10-18-092-02W6
F17554	Injection plant	Injection/Disposal Facility - Water < 0.01 mol/kmol H2S in inlet stream	WORMWOOD 09-20-092-02W6	09-20-092-02W6

SCHEDULE "C"
to the Purchase and Sale Agreement dated the 16th day of October, 2020 between MNP Ltd.,
solely in its capacity as the trustee in bankruptcy of Direct Oil & Gas Ltd.,
and not in its personal or corporate capacity, and Tallahassee Exploration Inc.

PIPELINES

PIPELINE LICENSE	LINE
59489	3
59489	4
59489	5
59489	1
59489	2
59489	6
59490	2
59490	1
59485	2
59485	3
59485	1
29272	1
56511	1

SCHEDULE "D"

to the Purchase and Sale Agreement dated the 16th day of October, 2020 between MNP Ltd.,
solely in its capacity as the trustee in bankruptcy of Direct Oil & Gas Ltd.,
and not in its personal or corporate capacity, and Tallahassee Exploration Inc.

WELLS

License Number	UWI
0163671	100/09-20-092-02W6/0
0221977	100/08-34-091-03W6/0
0206805	100/10-19-092-02W6/0
0052542	100/10-11-092-03W6/0
0221231	100/07-12-092-03W6/0
0229808	100/04-13-092-03W6/2
0213267	100/03-14-092-03W6/0
0220553	100/16-15-092-03W6/0
0221457	100/13-22-092-03W6/2
0212783	100/13-29-087-03W6/0

SCHEDULE "E"

to the Purchase and Sale Agreement dated the 16th day of October, 2020 between MNP Ltd., solely in its capacity as the trustee in bankruptcy of Direct Oil & Gas Ltd., and not in its personal or corporate capacity, and Tallahassee Exploration Inc.

GENERAL CONVEYANCE

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

BETWEEN:

MNP LTD. ("MNP"), solely in its capacity as the trustee in bankruptcy of **DIRECT OIL & GAS LTD.**, and not in its personal or corporate capacity (the "**Vendor**")

- and -

TALLAHASSEE EXPLORATION INC., a corporation incorporated under the laws of the Province of Alberta (the "**Purchaser**")

WHEREAS pursuant to a purchase and sale agreement dated October 16, 2020 (the "**Purchase Agreement**") between the Vendor and the Purchaser, the Vendor agreed to sell and the Purchaser agreed to purchase the Assets.

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

1. Definitions

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

2. Conveyance

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

3. Subordinate Document

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

4. No Merger

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

5. Governing Law

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

6. Enurement

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

7. Further Assurances

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

8. Counterpart Execution

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

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

MNP LTD., solely in its capacity as the trustee in

bankruptcy of **DIRECT OIL & GAS LTD.**, and not in its personal or corporate capacity

TALLAHASSEE EXPLORATION INC.

Per: _____

Name:
Title:

Per: _____



Name: Ghazanfar Zafar
Title: President

SCHEDULE "F"

to the Purchase and Sale Agreement dated the 16th day of October, 2020 between MNP Ltd., solely in its capacity as the trustee in bankruptcy of Direct Oil & Gas Ltd., and not in its personal or corporate capacity, and Tallahassee Exploration Inc.

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

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

RE: Purchase and Sale Agreement dated October 16, 2020 between Vendor and Purchaser (the "Agreement")

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

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

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

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

[Name of Vendor/Purchaser]

Per: _____

Name: _____

Title: _____

SCHEDULE "G"

to the Purchase and Sale Agreement dated the 16th day of October, 2020 between MNP Ltd.,
solely in its capacity as the trustee in bankruptcy of Direct Oil & Gas Ltd.,
and not in its personal or corporate capacity, and Tallahassee Exploration Inc.

COURT ORDER