



ESTATE NO. 25-2624152

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

JUDICIAL CENTRE

IN THE MATTER OF THE BANKRUPTCY OF DIRECT OIL & GAS INC.

Clerk's Stamp



902632

Justice Grasser
COM
Sep 29, 2021

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

DOCUMENT TRUSTEE'S THIRD REPORT TO COURT

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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

Attention: Tom Cumming/Caireen Hanert
Telephone: 403-298-1938/403-298-1992
Facsimile: 403-695-3538
Email: tom.cumming@gowlingwlq.com/
caireen.hanert@gowlingwlq.com

MNP Ltd.
1500, 640 – 5TH AVENUE SW
CALGARY AB, T2P 3G4

Attention: Victor Kroeger/Rick Anderson
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Facsimile: (403) 269-8450
Email: victor.kroeger@mnp.ca / rick.anderson@mnp.ca



APPENDICES

APPENDIX A	First Amending Agreement between the Trustee and Blue Sky Resources Ltd. dated December 17, 2020
APPENDIX B	Second Amending Agreement between the Trustee and Blue Sky Resources Ltd. dated March 29, 2021
APPENDIX C	Redacted Tallahassee Exploration Inc. Asset Purchase Agreement
APPENDIX D	Redacted First Helium Inc. Asset Purchase Agreement
APPENDIX E	Remaining Wells
APPENDIX F	Remaining Facilities
APPENDIX G	Remaining Pipeline Segments

INTRODUCTION AND BACKGROUND

1. Direct Oil & Gas Inc. (the “**Bankrupt**”) filed an assignment in bankruptcy on February 28, 2020 and MNP Ltd. was appointed as Trustee of the Bankrupt’s estate (the “**Trustee**”).
2. This is the Trustee’s third report to the Court of Queen’s Bench of Alberta (the “**Court**”) (the “**Third Report**”).
3. Defined terms used in the Third Report will have the same meaning as in the First Report of the Trustee dated August 10, 2020 and/or the Second Report of the Trustee dated October 22, 2020.
4. All references to currency are in Canadian dollars unless otherwise stated.
5. A copy of the Third Report and other relevant documents in the Company’s restructuring proceedings are available on the Trustee’s website at:
<https://mnpdebt.ca/en/corporate/corporate-engagements/direct-oil-and-gas-inc.>

NOTICE TO READER

6. In preparing the Third 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 the Third Report.

7. 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 the Third Report. Any use, which any party makes of the Third Report, or any reliance or decision to be made based on the Third Report, is the sole responsibility of such party.
8. Capitalized terms not otherwise defined herein will have the meaning as in the First Report and Second Report of the Trustee.

PURPOSE

9. The purpose of the Third Report is to provide the Court and other interested parties with information regarding the following relief sought by the Trustee, including:
 - (a) Amending the Order granted by this Honourable Court on August 19, 2020 approving the sale of certain of the Bankrupt's assets in the Cecil, Dixonville, Habay, Charlie, Hotchkiss, Cranberry and Chinchaga/Hamburg areas (the "**BSR Sale**") to Blue Sky Resources Ltd. ("**Blue Sky**");
 - (b) Approving the sale of certain of the Bankrupt's assets known as the Hotchkiss property assets ("**Hotchkiss**") to Tallahassee Exploration Inc. ("**Tallahassee**");
 - (c) Approving the sale of certain of the Bankrupt's assets known as the Eureka pipelines to First Helium Inc. ("**First Helium**");
 - (d) Sealing the Confidential Supplement to the Third Report (the "**Confidential Supplement**"); and
 - (e) Advising this Honorable Court of the Trustee's intention to apply for a discharge once the sales noted above have closed and the Remaining Properties (as defined elsewhere in the Third Report) have been dealt with.

AMENDING ORDER – BSR SALE

10. As noted above, the Sales Process described in the First Report resulted in an August 19, 2020 Court Order in relation to the BSR Sale (the "**August 19th Order**").
11. The BSR Sale was subsequently amended on December 17, 2020 to remove certain properties from the BSR Sale, including the Hotchkiss properties (the "**First Amending**

Agreement"). A copy of the First Amending Agreement is attached hereto as Appendix "A". A second amending agreement was made on March 29, 2021 to extend the closing date (the "**Second Amending Agreement**"). A copy of the Second Amending Agreement is attached hereto as Appendix "B". Pursuant to the Second Amending Agreement, the Trustee agreed to make an application to this Court to replace the schedules to the August 19th Order, including Schedule "D" to the August 19th Order, which sets out the Crown Leases that were to be transferred at Alberta Energy in accordance with Clause 4 of the August 19th Order. Pursuant to clauses 2(f) and (g) in the First Amending Agreement, the leases listed on Schedule "D"/Appendix 5 to the First Amending Agreement were to replace the schedules attached to the original agreement.

12. The August 19th Order included several leases listed on Schedule "D" that were not in fact sold to Blue Sky, as they were removed from the BSR Sale by the terms of the First Amending Agreement. In addition, there are five Crown leases that were added to Schedule "D" to the First Amending Agreement that must be added to Schedule "D" to the August 19th Order so that those leases may be transferred at Alberta Energy and the rental arrears in respect of those five leases vested off in accordance with Clause 4 of the August 19th Order.
13. The BSR Sale closed on April 30, 2021.

APPROVAL OF TRANSACTION – TALLAHASSEE HOTCHKISS PROPERTIES

14. The Sales Process described in the First Report resulted in an October 30, 2020 Court Order selling certain of the Bankrupt's properties in the Eureka, Vista, Lovet and Notikewin areas to Tallahassee. The sale of those assets closed on December 2, 2020.
15. Tallahassee subsequently made an offer to purchase additional properties in the Hotchkiss area (the "**Tallahassee Hotchkiss Properties**").
16. The Tallahassee Hotchkiss Properties were previously subject to the sale agreement with Blue Sky, but once the BSR Sale was amended by the parties, these assets were excluded and remained part of the Bankrupt's estate.
17. An asset purchase agreement for the Tallahassee Hotchkiss Properties was entered into between Tallahassee and the Trustee (the "**Tallahassee Hotchkiss APA**") on March 18,

2021. A redacted copy of the Tallahassee Hotchkiss APA is attached as Appendix “C”. The only information redacted is the purchase price.

18. The Tallahassee Hotchkiss APA stipulates that any obligation or liability, whether accrued or arising from and related to the Tallahassee Hotchkiss Properties, is the sole responsibility of Tallahassee.
19. The Estate Inspectors approved the Tallahassee Hotchkiss APA on May 19, 2021.
20. The Tallahassee Hotchkiss APA's only remaining condition is the approval of the Tallahassee Hotchkiss APA by this Honourable Court.

APPROVAL OF TRANSACTION – FIRST HELIUM INC. PIPELINES

21. The Trustee received an offer from First Helium Inc. dated January 20, 2021, (“**First Helium Offer**”) to purchase certain of the Bankrupt’s pipelines in the Eureka area (the “**First Helium Pipelines**”).
22. An asset purchase agreement was entered into between First Helium and the Trustee (the “**First Helium APA**”) on May 5, 2021. A redacted copy of the First Helium APA is attached as Appendix “D”. The only information redacted is the purchase price.
23. The First Helium APA stipulates that any obligation or liability, whether accrued or arising from and related to the First Helium Pipelines, is the sole responsibility of First Helium.
24. The Estate Inspectors approved the First Helium Offer on May 19, 2021.

The First Helium APA's only remaining condition is the approval of First Helium APA by this Honourable Court.

SEALING ORDER REQUEST

25. The Trustee advises that the purchase price for the Tallahassee Hotchkiss APA and the First Helium 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 Hotchkiss APA and First Helium APA not close as contemplated.

26. 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 Hotchkiss APA and First Helium 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.

REMAINING ASSETS

27. The Bankrupt's remaining unsold assets (the "**Remaining Properties**") include:
- (a) 45 wells listed on Appendix "E";
 - (b) 12 facilities- listed on Appendix "F"; and
 - (c) 63 pipeline segments listed on Appendix "G".
28. The Trustee, with the approval of the Estate Inspector, is discussing with the Alberta Energy Regulator how best to transfer the Bankrupt's interest in the Remaining Properties to the Orphan Well Association (the "**OWA**").
29. The Remaining Properties had been actively marketed for sale following the sales process set out in the First Report.
30. The Trustee and Sayer Energy Advisors, who was retained to run the sales process on behalf of the Trustee, have adequately canvassed the marketplace and that no offers were received for the Remaining Properties.

CONCLUSIONS AND RECOMMENDATIONS

31. The Trustee is of the view that the Tallahassee Hotchkiss APA and First Helium APA represent the best offers available in the present circumstances for the sale of the respective properties for the following reasons:
- (a) No other offer for either of the respective properties have been received during the bankruptcy;
 - (b) Both transactions are on an "as is basis" without adjustment; and

- (c) Should these transactions not be approved, the Trustee will seek to transfer the Tallahassee Hotchkiss Properties and the First Helium Pipelines to the OWA.

32. Based on the foregoing, the Trustee respectfully recommends that this Honourable Court grant an Order:

- (a) Amending the August 19th Order to correct the BSR schedules;
- (b) Approving the Tallahassee Hotchkiss APA, including vesting title to the Tallahassee Hotchkiss Properties to Tallahassee as at closing, free and clear of all items, charges, security interests and other encumbrances (subject only to permitted encumbrances);
- (c) Approving the First Helium APA, including vesting title to the First Helium Pipelines to First Helium as at closing, free and clear of all items, charges, security interests and other encumbrances (subject only to permitted encumbrances); and
- (d) Approving the sealing of the Confidential Supplement.

All of which is respectfully submitted 20th of September 2021.

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

FIRST AMENDING AGREEMENT

THIS AGREEMENT made as of the 17th day of December, 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 -

BLUE SKY RESOURCES LTD., 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 pursuant to a purchase and sale agreement dated June 17, 2020 (the “**Sale Agreement**”) between the Vendor and the Purchaser, the Vendor agreed to sell and the purchaser agreed to purchase all of the interest of Vendor in and to the Assets, subject to and in accordance with the terms and conditions hereof;

AND WHEREAS the Purchaser requested a reduction of the Purchase Price as a result of the condition of the Assets and the Vendor determined it was in the best interest of the estate of Direct to agree to such reduction on the terms and subject to the terms of this Amending Agreement.

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:

1. Definitions and Interpretation

- (a) Unless defined in this Agreement or the context otherwise requires, capitalized terms have the meanings given to them in the Sale Agreement and “**Amending Agreement**” means this agreement.
- (b) The headings used in this Amending Agreement are inserted for convenience of reference only and shall not affect the construction or interpretation of this Amending Agreement. Any reference herein to this Amending Agreement shall be deemed to include reference to the same as it may be amended, modified and supplemented from time to time.

2. Amendments to the Sale Agreement

Effective as of the satisfaction of the condition in Section 4, the Parties hereby agree that the Sale Agreement is hereby amended as follows:

- (a) Section 1.1(i) of the Sale Agreement is amended to read as follows:

- (i) “**Closing Date**” means 10:00 am (Mountain time) on the tenth (10) day after the AER approves the Licence Transfers contemplated by Section 2.7 (or the immediately following Business Day, if such day is not a Business Day) or such other time and date as may be agreed upon in writing by the Parties provided, however, that the Closing Date shall not be later than the Outside Date;”
- (b) Section 1.1(kk) of the Sale Agreement is amended to read as follows:
- “(kk) “**Outside Date**” means January 31, 2021 or such other date as the Parties may agree;”
- (c) Section 2.2 of the Sale Agreement is amended to replace [REDACTED] with [REDACTED]
- (d) Section 2.3 of the Sale Agreement is amended so that the allocation of the Purchase Price shall be as follows:
- | | |
|----------------------------------|------------|
| Petroleum and Natural Gas Rights | [REDACTED] |
| Tangibles | [REDACTED] |
| Miscellaneous Interests | [REDACTED] |
| Total | [REDACTED] |
- (e) Section 2.8 of the Sale Agreement is amended to read as follows:
- “The Parties shall cooperate in the preparation of the Specific Conveyances. At a reasonable time prior to Closing, Purchaser shall use reasonable efforts to prepare and provide for Vendor’s review all Specific Conveyances at Purchaser’s own cost and expense. The Parties shall execute such Specific Conveyances at Closing. None of the Specific Conveyances shall confer or impose upon either Party any greater right or obligation than as contemplated in this Agreement. Promptly after Closing, Purchaser shall register and/or distribute (as applicable) all such Specific Conveyances and shall bear all costs incurred therewith and in preparing and registering any further assurances required to convey the Assets to Purchaser.”
- (f) Schedules “A”, “C”, “D” and “E” appended to and forming part of the Sale Agreement are deleted and replaced with the versions of Schedules “A”, “C”, “D” and “E” appended hereto as Appendices 1, 2, 3 and 4. Notwithstanding that Schedule “D” to the Court Order lists Leases that, as a result of this Amending Agreement, are excluded from the Assets, and does not include Leases that, as a result of this Amending Agreement, are included in the Assets, the Leases which are included in the Assets as a result of this Amending Agreement are those set out in Schedules “A”, “C”, “D” and “E” appended hereto.
- (g) Following Closing, the Vendor shall apply to the Court for an Order amending the Court Order to replace Schedule “D” thereto with the Schedule “D” appended hereto as **Appendix 5**.

3. **Conditions in the Sale Agreement**

The Purchaser acknowledges the satisfaction of the conditions set out in sections 3.2 and 3.3 of the Purchase Agreement.

4. **Condition to Effectiveness of the Amending Agreement**

The effectiveness of Sections 2 and 3 of this Amending Agreement shall be subject to the condition precedent in favour of the Vendor that the inspectors of the estate of Direct in bankruptcy shall have approved this Amending Agreement.

5. **Continuing Effect**

Each of the Parties acknowledges and agrees that the Sale Agreement and this Amending Agreement shall together all constitute the Sale Agreement, which is hereby ratified and confirmed, and the rights and obligations of the Parties thereunder shall not be affected or prejudiced in any manner except as specifically provided for herein.

6. **Severability**

If any term or other provision of this Amending Agreement is invalid, illegal or incapable of being enforced under any applicable law, such provision shall be ineffective only to the extent of such invalidity, illegality or unenforceability and all other conditions and provisions of this Amending Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby, taken as a whole, is not affected thereby in a materially adverse manner with respect to either party hereto.

7. **Conflict**

In the event of any conflict between this Amending Agreement and the Sale Agreement, this Amending Agreement shall prevail.

8. **Amendment or Waiver**

This Amending Agreement may be amended, modified, supplemented, restated or discharged (and the provisions hereof may be waived) only by one or more instruments in writing signed by the Party against whom enforcement of the amendment, modification, supplement, restatement, discharge or waiver is sought.

9. **Further Assurances**

The Parties shall take such further reasonable actions and shall execute, acknowledge and deliver all such further documents that are reasonably necessary or appropriate to consummate the transactions contemplated hereby.

10. **Governing Law**

This Amending Agreement shall in all respect be subject to and be interpreted, construed and enforced in accordance with the laws in effect in the Province of Alberta and the federal laws of Canada applicable therein. The Parties irrevocably attorn and submit to the jurisdiction of the courts of the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of this Agreement.

11. **Enurement**

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

12. **Counterpart Execution**

This Amending Agreement may be executed and delivered in counterpart and transmitted by facsimile or other electronic means and all such executed counterparts, including electronically transmitted.

[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

BLUE SKY RESOURCES LTD.

Per: _____
Name: _____
Title: _____

Per: _____
Name: Ilyas Chaudhary
Title: President

Per: _____
Name: _____
Title: _____

APPENDIX 1

THE FOLLOWING COMPRISES SCHEDULE "A" attached to and forming part of a Purchase and Sale Agreement dated the 17th day of June, 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 BLUE SKY RESOURCES LTD.

Lands and Petroleum and Natural Gas Rights

See the attached 66 pages.

DIRECT OIL & GAS INC. Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CECIL

File Number	Lse Type	Lessor Type	Exposure	Oper. Cont.	ROFR	DOI Code	Lease Description / Rights Held
Mineral Int	Operator / Payor	Int Type / Lse No/Name	Gross	Net	Doi Partner(s)	*	
M0056	PNG LIC	CR	320,000	C0050	A No	WI	TWP 085 RGE 08 W6M SEC 05, SE 08
Sub: A	WI		320,000	DIRECT OIL & GA		30,000,000,000	PNG TO BASE DOI
ACTIVE	5494030135		96,000	HARVEST OPERAT		8,000,000,000	(EXCLUDING PENALTY WELLBORES: 100/08-05-085-08-W6/00 AND 100/15-05-085-08-W6/00)
100.00000000	DIRECT OIL & GA			CNR		30,000,000,000	
	TAGA NORTH			TAGA NORTH		32,000,000,000	

Total Rental: 1120.00

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

C0050 A	SEISREVOPT	Jun 24, 1999
C0066 N	ROYALTY	Dec 01, 2015
PS0001 A	P&S	Aug 22, 2017 (I)

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

100/06-05-085-08-W6/00	PRODUCING/OIL
100/08-08-085-08-W6/00	SUSPENDED/OIL
100/14-05-085-08-W6/00	PRODUCING/OIL

Status	Hectares	Net	Undev.	Hectares	Net
DEVELOPED	320,000	96,000		0,000	0,000

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0066 N	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:
 Other Percent:

Min Pay:
 Div:
 Min:
 Paid to: PD TO (C)
 ROTHWELL DEV 100.00000000
 Paid by: PDBY (C)
 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
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DIRECT OIL & GAS INC.
Mineral Property Report

Province: ALBERTA
 Area : CECIL

REPORTED IN HECTARES

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

(cont'd)

CROWN SLIDING SCALE ROYALTY ALL PRODUCTS Y N 100.000000000 % of PROD

Roy Percent:
 Deduction: STANDARD
 Gas: Royalty:
 S/S OIL: Min:
 Other Percent:

Min Pay:
 Div:
 Max:
 Min:
 Prod/Sales:
 Prod/Sales:
 Prod/Sales:

Paid to: LESSOR (M) 100.000000000
 AB ENERGY

Paid by: WI (C)
 DIRECT OIL & GA 30.000000000
 HARVEST OPERAT 8.000000000
 CNR 30.000000000
 TAQA NORTH 32.000000000

Sub:	WI	Eff:	Mar 24, 1994	CR	APEN	TWP 085 RGE 08 W6M LSD 08 SEC 05
ACTIVE	5494030135	Exp:	Mar 23, 1998	WI	30.000000000	TWP 085 RGE 08 W6M LSD 15 SEC
100.000000000	DIRECT OIL & GA	Ext:	15	CNR	30.000000000	05
	TAQA NORTH	Count Acreage =	No	HARVEST OPERAT	8.000000000	(WELLBORES ONLY:
				TAQA NORTH	32.000000000	100/08-05-085-08-W6/00 AND
						100/15-05-085-08-W6/00)

Total Rental: 0.00

Related Contracts
 C0050 A SEISREVOPT Jun 24, 1999
 C0066 N ROYALTY Dec 01, 2015
 PS0001 A P&S Aug 22, 2017 (I)

Well U.W.I. Status/Type
 100/08-05-085-08-W6/00 PRODUCING/OIL
 100/15-05-085-08-W6/00 PRODUCING/OIL

Royalty / Encumbrances

<Linked> Royalty Type Sliding Scale Convertible % of Prod/Sales
 C0066 N GROSS OVERRIDING ROYALTY ALL PRODUCTS N 100.000000000 % of PROD
 Roy Percent: 0.500000000

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CECIL

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

(cont'd)

M0056 B Deduction: NO
 Gas: Royalty: 0.50000000
 S/S OIL: Min: Max:
 Other Percent: Min Pay: Prod/Sales:
 Paid to: PD TO (C) Div: Prod/Sales:
 ROTHWELL DEV 100.000000000 DIRECT OIL & GA (C) 100.000000000
 Paid by: PD BY (C) Prod/Sales:
 DIRECT OIL & GA 100.000000000

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	ROYALTALL PRODUCTS	Y	N	100.000000000 % of PROD
Roy Percent:				
Deduction:	STANDARD			
Gas: Royalty:				
S/S OIL: Min:	Max:			
Other Percent:				
Paid to:	LESSOR (M)			
AB ENERGY	100.000000000			
Min Pay:				
Div:				
Min:				
Paid by:	BPEN (C)			
DIRECT OIL & GA	44.117650000			
CNR	44.117650000			
HARVEST OPERAT	11.764700000			
TAGA NORTH				

DIRECT OIL & GAS INC.
Mineral Property Report

Province: ALBERTA
 Area : CECIL

REPORTED IN HECTARES

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	Lease Description / Rights Held
M0057	PNG LSE	CR	128.000			WI	TWP 84 RGE 8 W6M N 33
Sub: A	WI		128.000	DIRECT OIL & GA		100.000000000	PNG TO BASE DOI
ACTIVE	0599030507		128.000				EXCL PNG IN CHARLIE LAKE
	DIRECT OIL & GA			Total Rental: 0.00			EXCL PNG IN HALFWAY
100.000000000	DIRECT OIL & GA			Count Acreage = No			

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

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0066 N	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.000000000 % of PROD

Roy Percent: 0.500000000
 Deduction: NO
 Gas: Royalty: 0.500000000
 S/S OIL: Min:
 Other Percent:

Min Pay:
 Div:
 Max:

Paid to: PD TO (C)
 ROTHWELL DEV 100.000000000

Paid by: PD BY (C)
 DIRECT OIL & GA 100.000000000

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	100.000000000 % of PROD

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CECIL

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)

M0057
 Sub: A
 ACTIVE

Roy Percent: STANDARD
 Deduction: STANDARD
 Gas: Royalty: S/S OIL: Min: Other Percent:
 Max: Min: Div: Min: Prod/Sales: Prod/Sales: Prod/Sales:

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

M0057 PNG LSE CR Eff: Mar 18, 1999 128.000 WI
 Sub: B WI Exp: Mar 17, 2004 128.000 DIRECT OIL & GA 100.000000000
 ACTIVE 0599030507 Ext: 15 128.000
 DIRECT OIL & GA
 100.00000000 DIRECT OIL & GA
 Total Rental: 448.00

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

----- Well U.W.I. Status/Type -----
 100/14-33-084-08-W6/00 PRODUCING/OIL
 102/16-33-084-08-W6/00 PRODUCING/OIL

<Linked> Royalty Type Product Type Sliding Scale Convertible % of Prod/Sales
 C0066 N GROSS OVERRIDING ROYALTY ALL PRODUCTS N 100.000000000 % of PROD

Royalty / Encumbrances

Roy Percent: 0.50000000
 Deduction: NO
 Gas: Royalty: 0.50000000
 S/S OIL: Min: Max: Min: Div: Min: Prod/Sales: Prod/Sales: Prod/Sales:

Paid to: PD TO (C) Paid by: PD BY (C)

DIRECT OIL & GAS INC.
Mineral Property Report

Province: ALBERTA
 Area : CECIL

REPORTED IN HECTARES

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

(cont'd)

M0057 B ROTHWELL DEV 100.000000000 DIRECT OIL & GA 100.000000000

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 ROYALTYALL PRODUCTS Y N 100.000000000 % of PROD
 Roy Percent:
 Deduction: STANDARD
 Gas: Royalty:
 S/S OIL: Min: Max:
 Other Percent: Min: Max: Prod/Sales: Prod/Sales: Prod/Sales:

Paid to: LESSOR (M) Paid by: WI (M)
 AB ENERGY 100.000000000 DIRECT OIL & GA 100.000000000

M0057 PNG LSE CR Eff: Mar 18, 1999 128.000 WI
 Sub: C WI Exp: Mar 17, 2004 128.000 DIRECT OIL & GA 100.000000000
 ACTIVE 0599030507 Ext: 15 128.000
 100.000000000 DIRECT OIL & GA
 100.000000000 DIRECT OIL & GA

Total Rental: 448.00

----- Related Contracts -----
 C0066 N ROYALTY Dec 01, 2015
 PS0001 A P&S Aug 22, 2017 (I)
 TWP 84 RGE 8 W6M S 33
 PNG TO BASE DOIG

Status Hectares Dev: Hectares Net Hectares Net
 DEVELOPED 128.000 128.000 128.000 Undev: 0.000 0.000 0.000

Royalty / Encumbrances

Report Date: Jan 24, 2019

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REPORTED IN HECTARES

DIRECT OIL & GAS INC. Mineral Property Report

Province: ALBERTA
Area : CECIL

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

(cont'd)

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0066 N	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD
	Roy Percent: 0.50000000				
	Deduction: NO				
M0057 C	Gas: Royalty: 0.50000000	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)		
	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:	Max:	Min Pay:		Prod/Sales:
S/S OIL: Min:		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	

DIRECT OIL & GAS INC. Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CECIL

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Operator / Payor	Gross	Net	Doi Partner(s)	*	
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*		
M0058	PNG LSE CR		64.000			WI	TWP 84 RGE 8 W6M NW 34
Sub: A	WI	Eff: Mar 18, 1999	64.000	DIRECT OIL & GA		100.000000000	PNG IN CHARLIE_LAKE;
ACTIVE	0599030508	Exp: Mar 17, 2004	64.000				PNG IN HALFWAY
	DIRECT OIL & GA	Ext: 15					
100.000000000	DIRECT OIL & GA			Total Rental: 0.00			
	DIRECT OIL & GA						
	Status		Hectares	Net	Hectares	Net	Related Contracts
	DEVELOPED	Dev:	64.000	64.000	0.000	0.000	C0066 N ROYALTY Dec 01, 2015
				Undev:			PS0001 A P&S Aug 22, 2017 (I)
							Well U.W.I. Status/Type
							100/12-34-084-08-W6/00 ABND/ABND ZON
							100/12-34-084-08-W6/02 SOURCE/WSW

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0066 N	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.000000000 % of PROD
	Roy Percent: 0.500000000				
	Deduction: NO				
	Gas: Royalty: 0.500000000	Max:			Prod/Sales:
	S/S OIL: Min:	Min:			Prod/Sales:
	Other Percent:	Min:			Prod/Sales:
	Paid to: PD TO (C)	Paid by: PD BY (C)			
	ROTHWELL DEV	DIRECT OIL & GA			100.000000000

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	100.000000000 % of PROD

DIRECT OIL & GAS INC. Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CECIL

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Operator / Payor	Net	Doi Partner(s)			
M0058	A						

(cont'd)

Roy Percent: STANDARD
 Deduction: STANDARD
 Gas: Royalty: Min Pay: Prod/Sales:
 S/S OIL: Min: 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

M0058 PNG LSE CR Eff: Mar 18, 1999 64.000 WI
 Sub: B WI Exp: Mar 17, 2004 64.000 DIRECT OIL & GA 100.00000000
 ACTIVE 0599030508 Ext: 15 64.000
 DIRECT OIL & GA
 100.00000000 DIRECT OIL & GA Count Acreage = No Total Rental: 224.00

TWP 84 RGE 8 W6M NW 34
 PNG TO BASE DOIG
 EXCL PNG IN CHARLIE_LAKE
 EXCL PNG IN HALFWAY

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

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0066 N	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:				
	Other Percent:				
	Paid to: PD TO (C)				
	Paid by: PD BY (C)				

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CECIL

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

(cont'd)

M0058 B ROTHWELL DEV 100.000000000 DIRECT OIL & GA 100.000000000

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 ROYALTYALL PRODUCTS Y N 100.000000000 % of PROD
 Roy Percent:
 Deduction: STANDARD
 Gas: Royalty:
 S/S OIL: Min:
 Other Percent:
 Min Pay: Prod/Sales:
 Div: Prod/Sales:
 Max: Prod/Sales:
 Min: Prod/Sales:

Paid to: LESSOR (M) Paid by: WI (M)
 AB ENERGY 100.000000000 DIRECT OIL & GA 100.000000000

Sub:	A	WI	0599110200	DIRECT OIL & GA	DIRECT OIL & GA	100.000000000	100.000000000	100.000000000	100.000000000
ACTIVE	Eff:	Nov 04, 1999	256.000	C0051 A No	WI	TWP 085 RGE 08 W6M SEC 04	30.000000000	20.000000000	30.000000000
	Exp:	Nov 03, 2004	76.800	DIRECT OIL & GA	WI	PNG TO BASE DOIG	20.000000000	30.000000000	20.000000000
	Ext:	15	CNR	HARVEST OPERAT	WI	(EXCLUDING THE	20.000000000	20.000000000	20.000000000
			TAQA NORTH	20.000000000	WI	100/08-04-085-08-W6M WELLBORE)	20.000000000	20.000000000	20.000000000
			Total Rental:	896.00					
	Status	DEVELOPED	Dev:	Hectares	Net	Hectares	Undev:	Net	0.000
				256.000	76.800	0.000	0.000	0.000	

Related Contracts

C0051 A	JOA	Nov 04, 1999
C0066 N	ROYALTY	Dec 01, 2015
PS0001 A	P&S	Aug 22, 2017 (I)

Report Date: Jan 24, 2019
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DIRECT OIL & GAS INC. Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CECIL

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

(cont'd)

M0059
 Sub: A

Well U.W.I. Status/Type
 100/06-04-085-08-W6/00 SUSPENDED/OIL
 100/14-04-085-08-W6/00 SUSPENDED/OIL

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0066 N	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:				
	Other Percent:				

Paid to: PD TO (C)
 ROTHWELL DEV 100.00000000
 Paid by: PD BY (C)
 DIRECT OIL & GAS 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:				
S/S OIL: Min:				
Other Percent:				

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CECIL

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

(cont'd)

M0059	A	Paid to: LESSOR (M) AB ENERGY	100.00000000			(C)	
		Paid by: WI					
		DIRECT OIL & GA					30.00000000
		HARVEST OPERAT					20.00000000
		CNR					30.00000000
		TAGA NORTH					20.00000000

GENERAL REMARKS - Jul 25, 2008

100

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CECIL

File Number	Lse Type	Lessor Type	Exposure Gross	Oper. Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name		Net	Doi Partner(s)			
			896.000			492.800	
			896.000			492.800	
Area Total:	Total Gross:						
	Dev Gross:						
					Undev Gross :		Undev Net :
					0.000		0.000

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Operator / Payor	Gross	Net	Doi Partner(s)	*	*
M0006	PNG LSE CR		256.000	C0014	A	WI	TWP 089 RGE 06 W6M SEC 06
Sub: A	WI		256.000	DIRECT OIL & GA		70.000000000	ALL PNG TO BASE BLUESKY-BULLHEAD
ACTIVE	0594110801		179.200	HARVEST OPERAT		30.000000000	(EXCLUDING THE
	DIRECT OIL & GA						100/05-06-089-06-W6/00 WELLBORE)
100.000000000	DIRECT OIL & GA						

Total Rental: 896.00

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

C0014 A	JOA	Apr 14, 2003
C0015 E	ROYALTY	Jul 20, 2010
PS0001 A	P&S	Aug 22, 2017 (I)

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0015 E	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	35.000000000 % of PROD
	Roy Percent:	6.000000000			
	Deduction:	NO			
	Gas: Royalty:				Prod/Sales:
	S/S OIL: Min:				Prod/Sales:
	Other Percent:				Prod/Sales:
	Paid to:	PAIDTO (R)			
	BIG EARL RES	100.000000000			
	Paid by:	ROY PAYO(C)			
		DIRECT OIL & GA			100.000000000

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.000000000 % of PROD
Roy Percent:				
Deduction:	STANDARD			
Gas: Royalty:				Prod/Sales:
S/S OIL: Min:				Prod/Sales:
Other Percent:				Prod/Sales:
Paid to:	LESSOR (M)			
Paid by:	WI			(C)

Report Date: Jan 24, 2019
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DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

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)

M0006	A	AB ENERGY	100.000000000	DIRECT OIL & GA		70.000000000
				HARVEST OPERAT		30.000000000

ROYALTY DEDUCTIONS -
 SUBJECT TO STANDARD CROWN DEDUCTIONS

M0009	NG	CR	Eff: Jun 17, 1980	256.000	WI	
Sub: A	WI		Exp: Jun 16, 2001	256.000	DIRECT OIL & GA	100.000000000
ACTIVE	0280060001		Ext: 15	256.000		
	DIRECT OIL & GA		Total Rental: 896.00			
	DIRECT OIL & GA					

----- Related Contracts -----
 C0066 A ROYALTY Dec 01, 2015
 PS0001 A P&S Aug 22, 2017 (I)
 ----- Well U.W.I. Status/Type -----
 100/15-23-089-06-W6/00 PRODUCING/GAS

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0066 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD
	Roy Percent: 0.500000000				
	Deduction: NO				
	Gas: Royalty: 0.500000000				
	S/S OIL: Min:				
	Other Percent:				
	Paid to: PD TO (C)				
	ROTHWELL DEV				
					100.000000000
	Paid by: PD BY (C)				
	DIRECT OIL & GA				100.000000000
	Min Pay:				Prod/Sales:
	Div:				Prod/Sales:
	Min:				Prod/Sales:

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

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

(cont'd)

M0009 A 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 ROYALTYALL PRODUCTS Y N 100.000000000 % of PROD

Roy Percent:
 Deduction: STANDARD
 Gas: Royalty:
 S/S OIL: Min:
 Other Percent:
 Max:
 Min Pay:
 Div:
 Min:
 Prod/Sales:
 Prod/Sales:
 Prod/Sales:
 Paid to: LESSOR (M)
 AB ENERGY 100.000000000
 WI (M)
 DIRECT OIL & GA 100.000000000

M0009 NG CR Eff: Jun 17, 1980 256.000 WI
 Sub: B WI Exp: Jun 16, 2001 256.000 DIRECT OIL & GA 100.000000000
 ACTIVE 0280060001 Ext: 15 256.000
 100.000000000 DIRECT OIL & GA
 DIRECT OIL & GA
 Total Rental: 896.00
 TWP 089 RGE 05 W6M SEC 08
 NG IN BLUESKY-BULLHEAD
 Related Contracts -----
 C0066 A ROYALTY Dec 01, 2015
 PS0001 A P&S Aug 22, 2017 (I)

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

Royalty / Encumbrances

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

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

(cont'd)

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0066 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD
	Roy Percent: 0.50000000				
	Deduction: NO				
M0009	B	Gas: Royalty: 0.50000000	Min Pay:		Prod/Sales:
	S/S OIL: Min:	Other Percent:	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

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

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Operator / Payor	Gross	Net	Doi Partner(s)	*	*
M0009	NG	CR	256.000	256.000		WI	TWP 089 RGE 05 W6M SEC 07
Sub: C	WI		256.000	256.000	DIRECT OIL & GA	100.000000000	NG IN BLUESKY-BULLHEAD
ACTIVE	0280060001		256.000				
100.000000000	DIRECT OIL & GA						
	DIRECT OIL & GA						
					Total Rental: 896.00		

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

Royalty / Encumbrances

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

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

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)

M0009 C
 Roy Percent: STANDARD
 Deduction: STANDARD
 Gas: Royalty: 5.00000000
 S/S OIL: Min: 5.00000000 Max: 15.00000000 Div: Min Pay:
 Other Percent: Min: Min:
 Paid to: LESSOR (M) Paid by: WI (M)
 AB ENERGY 100.00000000 DIRECT OIL & GA 100.00000000
 Prod/Sales: Prod/Sales: Prod/Sales:

M0009 NG CR Eff: Jun 17, 1980 256.000 Hectares Net
 WI Exp: Jun 16, 2001 256.000 DIRECT OIL & GA 100.00000000 Hectares Net
 ACTIVE 0280060001 Ext: 15 256.000 Total Rental: 896.00 Undev: 0.000 0.000
 DIRECT OIL & GA
 100.00000000 DIRECT OIL & GA
 Status DEVELOPED Dev: 256.000 Net 256.000 Hectares 0.000
 Related Contracts
 C0066 A ROYALTY Dec 01, 2015
 PS0001 A P&S Aug 22, 2017 (I)
 Well U.W.I. Status/Type
 100/12-17-089-05-W6/00 PRODUCING/GAS

Royalty / Encumbrances

<Linked> Royalty Type Product Type Sliding Scale Convertible % of Prod/Sales
 C0066 A 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: Min: Prod/Sales:
 Paid to: PD TO (C) Paid by: PD BY (C)

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

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

(cont'd)

M0009	D	ROTHWELL DEV	100.000000000	DIRECT OIL & GA	100.000000000		
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ROYALTY DEDUCTIONS -
 NO DEDUCTIONS
GENERAL REMARKS -
 GORR IS PAYABLE ON 100% OF ROYALTY PAYOR'S WORKING INTEREST SHARE OF PRODUCTION

Royalty Type
 CROWN SLIDING SCALE ROYALTALL PRODUCTS Y N 100.000000000 % of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty:
S/S OIL: Min:
Other Percent:

Min Pay:
Div:
Max:
Prod/Sales:
Prod/Sales:
Prod/Sales:

Paid to: LESSOR (M)
 AB ENERGY 100.000000000
Paid by: WI (M)
 DIRECT OIL & GA 100.000000000

M0009	NG	CR	Eff: Jun 17, 1980	512.000	512.000	WI	TWP 089 RGE 05 W6M SEC 18, 31
Sub: E	WI		Exp: Jun 16, 2001	512.000	512.000	DIRECT OIL & GA	NG IN BLUESKY-BULLHEAD
ACTIVE	0280060001		Ext: 15	512.000			
100.000000000	DIRECT OIL & GA		Total Rental: 1792.00				
	DIRECT OIL & GA						

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

Related Contracts
 C0066 A ROYALTY Dec 01, 2015
 PS0001 A P&S Aug 22, 2017 (I)
Well U.W.I. Status/Type
 100/08-31-089-05-W6/00 PRODUCING/GAS
 100/09-31-089-05-W6/00 PRODUCING/GAS
 100/09-31-089-05-W6/02 D&C/GAS

Royalty / Encumbrances

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Operator / Payor	Gross	Net	Doi Partner(s)	*	*
M0009	E						

(cont'd)

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

ROYALTY DEDUCTIONS -
 NO DEDUCTIONS
GENERAL REMARKS -
 GORR IS PAYABLE ON 100% OF ROYALTY PAYOR'S WORKING INTEREST SHARE OF PRODUCTION

Royalty / Encumbrances

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

DIRECT OIL & GAS INC. Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Operator / Payor	Gross	Net	Doi Partner(s)	*	*
M0009	NG	CR	256.000	256.000		WI	TWP 089 RGE 06 W6M SEC 24
Sub: F	WI		256.000	256.000	DIRECT OIL & GA	100.000000000	NG IN BLUESKY-BULLHEAD
ACTIVE	0280060001		256.000				
	DIRECT OIL & GA						
100.000000000	DIRECT OIL & GA						

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

Total Rental: 896.00

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

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0066 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.000000000 % of PROD
	Roy Percent: 0.500000000				
	Deduction: NO				
	Gas: Royalty: 0.500000000				
	S/S OIL: Min:				
	Other Percent:				
	Max:				
	Min Pay:				
	Div:				
	Min:				
	Prod/Sales:				
	Prod/Sales:				
	Prod/Sales:				
	Paid to: PD TO (C)				
	ROTHWELL DEV	100.000000000			
	Paid by: PD BY (C)				
	DIRECT OIL & GA				100.000000000

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	100.000000000 % of PROD

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

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

(cont'd)

M0009 F Roy Percent: STANDARD
 Deduction: STANDARD
 Gas: Royalty: Min Pay: Prod/Sales:
 S/S OIL: Min: Div: Prod/Sales:
 Other Percent: Max: Min: Prod/Sales:
 Paid to: LESSOR (M) Paid by: WI (M)
 AB ENERGY 100.00000000 DIRECT OIL & GA 100.0000000000

M0009 NG CR Eff: Jun 17, 1980 512.000 WI
 Sub: G WI Exp: Jun 16, 2001 512.000 DIRECT OIL & GA 100.000000000
 ACTIVE 0280060001 Ext: 15 512.000
 100.00000000 DIRECT OIL & GA
 100.00000000 DIRECT OIL & GA
 Total Rental: 1792.00

----- Related Contracts -----
 C0066 A ROYALTY Dec 01, 2015
 PS0001 A P&S Aug 22, 2017 (I)
 ----- Well U.W.I. Status/Type -----
 100/03-25-089-06-W6/00 PRODUCING/GAS
 100/07-25-089-06-W6/00 PRODUCING/GAS

Status DEVELOPED Hectares 512.000 Net 512.000 Undev: 0.000 Hectares 0.000 Net 0.000
 Royalty / Encumbrances

<Linked> Royalty Type Product Type Sliding Scale Convertible % of Prod/Sales
 C0066 A GROSS OVERRIDING ROYALTY ALL PRODUCTS N N 100.000000000 % of PROD
 Roy Percent: 0.50000000
 Deduction: NO
 Gas: Royalty: 0.500000000
 S/S OIL: Min: Max: Min Pay: Prod/Sales:
 Other Percent: Div: Prod/Sales:
 Min: Prod/Sales:
 Paid to: PD TO (C) Paid by: PD BY (C)

DIRECT OIL & GAS INC. Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

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

(cont'd)

M0009	G	ROTHWELL DEV	100.00000000		DIRECT OIL & GA	100.00000000	
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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 ROYALTYALL PRODUCTS	Y	N	100.00000000	% of PROD

Roy Percent: STANDARD
Gas Royalty: Min Pay: Prod/Sales:
S/S Oil: Min: 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

File Number	Sub	Status	CR	Eff:	Exp:	Ext:	Total Rental:	Net	Hectares	Undev:	Hectares	Net
M0009	H	ACTIVE	WI	Jun 17, 1980	Jun 16, 2001	15	896.00	256.000	256.000	256.000	0.000	0.000
DIRECT OIL & GA DIRECT OIL & GA TWP 089 RGE 05 W6M SEC 20 NG IN BLUESKY-BULLHEAD C0066 A ROYALTY Dec 01, 2015 PS0001 A P&S Aug 22, 2017 (I)												

Royalty / Encumbrances

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

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

(cont'd)

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

ROYALTY DEDUCTIONS -
 NO DEDUCTIONS
 GENERAL REMARKS -
 GORR IS PAYABLE ON 100% OF ROYALTY PAYOR'S WORKING INTEREST SHARE OF PRODUCTION

Royalty / Encumbrances

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

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Operator / Payor	Gross	Net	Doi Partner(s)	*	
Mineral Int						*	
M0009	NG	CR	256.000	256.000		WI	TWP 089 RGE 05 W6M SEC 30
Sub: I	WI		256.000	256.000	DIRECT OIL & GA	100.000000000	NG IN BLUESKY-BULLHEAD
ACTIVE	0280060001		256.000				
	DIRECT OIL & GA						
100.000000000	DIRECT OIL & GA						
			Total Rental:	896.00			
							----- Related Contracts -----
							C0066 A ROYALTY Dec 01, 2015
							PS0001 A P&S Aug 22, 2017 (I)
							----- Well U.W.I. Status/Type -----
							100/14-30-089-05-W6/00 PRODUCING/GAS

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0066 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.000000000 % of PROD
	Roy Percent:	0.500000000			
	Deduction:	NO			
	Gas: Royalty:	0.500000000			
	S/S OIL: Min:				
	Other Percent:				
	Paid to:	PD TO (C)			
	ROTHWELL DEV	100.000000000			
	Paid by:	PD BY (C)			
	DIRECT OIL & GA	100.000000000			

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	100.000000000 % of PROD

DIRECT OIL & GAS INC. Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Operator / Payor	Gross	Net	Doi Partner(s)		
M0009	I						

(cont'd)

Roy Percent: STANDARD
 Deduction: STANDARD
 Gas: Royalty: Min Pay: Prod/Sales:
 S/S OIL: Min: Div: Prod/Sales:
 Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) 100.000000000
 AB ENERGY DIRECT OIL & GA (M) 100.000000000

M0009 NG CR Eff: Jun 17, 1980 256.000 WI
 Sub: J WI Exp: Jun 16, 2001 256.000 DIRECT OIL & GA 100.000000000
 ACTIVE 0280060001 Ext: 15 256.000
 100.000000000 DIRECT OIL & GA
 100.000000000 DIRECT OIL & GA

Total Rental: 896.00

----- Related Contracts -----
 C0066 A ROYALTY Dec 01, 2015
 PS0001 A P&S Aug 22, 2017 (I)
 ----- Well U.W.I. Status/Type -----
 100/01-19-089-05-W6/00 PRODUCING/GAS
 100/13-19-089-05-W6/00 PRODUCING/GAS

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

Royalty / Encumbrances

<Linked> Royalty Type Product Type Sliding Scale Convertible % of Prod/Sales
 C0066 A GROSS OVERRIDING ROYALTY ALL PRODUCTS N N 100.000000000 % of PROD
 Roy Percent: 0.500000000
 Deduction: NO
 Gas: Royalty: 0.500000000
 S/S OIL: Min: Max: Min Pay: Prod/Sales:
 Other Percent: Min: Div: Min: Prod/Sales:
 Paid to: PD TO (C) Paid by: PD BY (C)

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
Area : CHARLIE

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

(cont'd)

M0009 J ROTHWELL DEV 100.000000000 DIRECT OIL & GA 100.000000000

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 100.000000000 % 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 100.000000000 DIRECT OIL & GA 100.000000000

M0009 NG CR Eff: Jun 17, 1980 256.000 WI
Sub: K WI Exp: Jun 16, 2001 256.000 DIRECT OIL & GA 100.000000000
ACTIVE 0280060001 Ext: 15 256.000
DIRECT OIL & GA Total Rental: 896.00
DIRECT OIL & GA
Status DEVELOPED Dev: Hectares Net Hectares Net
256.000 256.000 256.000 0.000 0.000 0.000
Undev: 0.000
Related Contracts -----
C0066 A ROYALTY Dec 01, 2015
PS0001 A P&S Aug 22, 2017 (I)
TWP 089 RGE 05 W6M SEC 32
NG IN BLUESKY-BULLHEAD

Royalty / Encumbrances

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

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 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.000000000 % of PROD
	Roy Percent: 0.500000000				
	Deduction: NO				
M0009	K	Gas: Royalty: 0.500000000	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	100.000000000	DIRECT OIL & GA	100.000000000	

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	100.000000000 % of PROD
Roy Percent:				
Deduction: STANDARD				
Gas: Royalty:	Min Pay:			Prod/Sales:
S/S OIL: Min:	Div:			Prod/Sales:
Other Percent:	Min:			Prod/Sales:
Paid to: LESSOR (M)	Paid by: WI (M)			
AB ENERGY	DIRECT OIL & GA	100.000000000	100.000000000	

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
Area : CHARLIE

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

M0014 PNG LIC CR Eff: Jul 21, 1994 256.000 WI
Sub: A WI Exp: Jul 20, 1998 256.000 DIRECT OIL & GA 100.0000000000
ACTIVE 5494070073 Ext: 15 256.000
100.000000000 DIRECT OIL & GA
100.000000000 DIRECT OIL & GA
Total Rental: 896.00

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

----- Related Contracts -----
C0018 B FO&ORR Jan 22, 1998
C0066 B ROYALTY Dec 01, 2015
PS0001 A P&S Aug 22, 2017 (I)

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0018 B	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.000000000 % of PROD

Roy Percent: STANDARD
Deduction: 12.500000000
Gas: Royalty: 12.500000000
S/S OIL: Min: 5.000000000
Other Percent: 12.500000000

Paid to:	PD TO (C)	Paid by:	WI (C)
PRAIRIESKY	100.000000000	DIRECT OIL & GA	100.000000000

GENERAL REMARKS - Jul 25, 2008
DEDUCTIONS NOT TO EXCEED 50% OF MARKET PRICE

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0066 B	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.000000000 % of PROD

Roy Percent: 0.500000000
Deduction: NO
Gas: Royalty: 0.500000000
S/S OIL: Min:

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

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

(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

M0014 A

Royalty / Encumbrances

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

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

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

M0014 PNLIC CR Eff: Jul 21, 1994
 Sub: B WI Exp: Jul 20, 1998
 ACTIVE 5494070073 Ext: 15
 DIRECT OIL & GA
 Total Rental: 224.00

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

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

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

(cont'd)

M0014
 Sub: B
 100.00000000 DIRECT OIL & GA

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

C0018 A FO&ORR Jan 22, 1998
 C0066 B ROYALTY Dec 01, 2015
 PS0001 A P&S Aug 22, 2017 (I)

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0018 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD
	Roy Percent:				
	Deduction:	UNKNOWN			
	Gas: Royalty:	12.50000000			Prod/Sales:
	S/S OIL: Min:	5.00000000			Prod/Sales:
	Other Percent:	12.50000000			Prod/Sales:
	Max:	12.50000000			
	Min:				

Paid to: PD TO (C)
 PRAIRIESKY 100.00000000
 Paid by: WI (C)
 DIRECT OIL & GA 100.00000000

<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:				
	Deduction:	NO			
	Gas: Royalty:	0.50000000			Prod/Sales:
	S/S OIL: Min:				Prod/Sales:
	Other Percent:				Prod/Sales:
	Max:				
	Min:				

Paid to: PD TO (C)
 Paid by: PD BY (C)

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

File Number	Lse Type	Lessor Type	Exposure	Oper. Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Operator / Payor	Net	Doi Partner(s)			
M0014	B	ROTHWELL DEV	100.000000000		DIRECT OIL & GA	100.000000000	

(cont'd)

ROYALTY DEDUCTIONS -
 NO DEDUCTIONS
GENERAL REMARKS -
 GORR IS PAYABLE ON 100% OF ROYALTY PAYOR'S WORKING INTEREST SHARE OF PRODUCTION

Royalty Type CROWN SLIDING SCALE ROYALTALL PRODUCTS	Product Type Y	Sliding Scale N	Convertible N	% of Prod/Sales 100.000000000	% of PROD 100.000000000
Roy Percent:	Min Pay:	Div:	Max:	Prod/Sales:	Prod/Sales:
Deduction: STANDARD					
Gas: Royalty:	Min:	Max:	Other Percent:	Prod/Sales:	Prod/Sales:
S/S OIL: Min:					
Other Percent:					
Paid to: LESSOR (M)	Paid by: WI (M)				
AB ENERGY	DIRECT OIL & GA	100.000000000	100.000000000		

M0014	PNG LIC	CR	Eff: Jul 21, 1994	128.000		WI	TWP 089 RGE 06 W6M N 05
Sub: C	WI	Exp: Jul 20, 1998	128.000	DIRECT OIL & GA	100.000000000		PNG TO BASE BLUESKY-BULLHEAD
ACTIVE	5494070073	Ext: 15	128.000				(EXCLUDING THE
	DIRECT OIL & GA			Total Rental:	448.00		100/09-05-089-06-W6M AND
	DIRECT OIL & GA						100/16-05-089-06-W6M WELLBORES)
100.000000000							
Status			Hectares	Net	Undev:	Hectares	Net
DEVELOPED	64.000	64.000	64.000	64.000	64.000	64.000	64.000
Royalty / Encumbrances							
			Related Contracts		Status/Type		
			C0018 B	FO&ORR	Jan 22, 1998		
			C0066 B	ROYALTY	Dec 01, 2015		
			PS0001 A	P&S	Aug 22, 2017 (I)		
			Well U.W.I.				

REPORTED IN HECTARES

**DIRECT OIL & GAS INC.
 Mineral Property Report**

Province: ALBERTA
 Area : CHARLIE

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

(cont'd)	<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	100/13-05-089-06-W6/00 PRODUCING/OIL
C0018 B	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of PROD	
M0014	C	STANDARD	Min Pay:	150.00000		Prod/Sales:	
		Gas: Royalty: 12.50000000	Max:	12.50000000	Div:	Prod/Sales:	
		S/S OIL: Min: 5.00000000	Min:			Prod/Sales:	
		Other Percent: 12.50000000					
		Paid to: PD TO (C)	100.00000000	Paid by: WI (C)			
		PRAIRIESKY		DIRECT OIL & GA		100.00000000	

GENERAL REMARKS - Jul 25, 2008
 DEDUCTIONS NOT TO EXCEED 50% OF MARKET PRICE

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

ROYALTY DEDUCTIONS -
 NO DEDUCTIONS
 GENERAL REMARKS -
 GORR IS PAYABLE ON 100% OF ROYALTY PAYOR'S WORKING INTEREST SHARE OF

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

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

(cont'd)

M0014 C PRODUCTION

Royalty Type
 CROWN SLIDING SCALE ROYALTYS ALL PRODUCTS Y N 100.000000000 % of PROD
 Roy Percent: STANDARD
 Deduction: STANDARD
 Gas: Royalty:
 S/S OIL: Min:
 Other Percent:
 Min Pay:
 Div:
 Min:
 Prod/Sales:
 Prod/Sales:
 Prod/Sales:

Paid to: LESSOR (M) 100.000000000
 AB ENERGY
 Paid by: WI (M)
 DIRECT OIL & GA 100.000000000

M0014 PNG LIC CR Eff: Jul 21, 1994 128.000 WI
 Sub: D WI Exp: Jul 20, 1998 128.000 DIRECT OIL & GA 100.000000000
 ACTIVE 5494070073 Ext: 15 128.000
 DIRECT OIL & GA
 100.000000000 DIRECT OIL & GA
 Total Rental: 448.00

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

Contract	Type	Effective Date
C0018 B	FO&ORR	Jan 22, 1998
C0066 B	ROYALTY	Dec 01, 2015
PS0001 A	P&S	Aug 22, 2017 (I)

----- Well U.W.I. -----

Well U.W.I.	Status/Type
100/13-09-089-06-W6/00	DISPOSAL/SWD
100/13-09-089-06-W6/02	SUSPENDED/OIL

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0018 B	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N 100.000000000 % of PROD

Roy Percent: STANDARD
 Deduction: STANDARD

DIRECT OIL & GAS INC. Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

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

(cont'd)

M0014	D	Gas: Royalty: 12.500000000	Min Pay: 12.500000000	Div: 150.000000	Prod/Sales: 100.000000000		
		S/S OIL: Min: 5.000000000	Max: 12.500000000	Min: 150.000000	Prod/Sales: 100.000000000		
		Other Percent: 12.500000000			Prod/Sales: 100.000000000		
		Paid to: PD TO (C)					
		PRAIRIESKY	100.000000000				
				Paid by: WI (C)			
				DIRECT OIL & GA	100.000000000		

GENERAL REMARKS - Jul 25, 2008
 DEDUCTIONS NOT TO EXCEED 50% OF MARKET PRICE

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0066 B	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.000000000 % of PROD
	Roy Percent: 0.500000000				
	Deduction: NO				
	Gas: Royalty: 0.500000000				
	S/S OIL: Min:				
	Other Percent:				
	Paid to: PD TO (C)				
	ROTHWELL DEV	100.000000000			
				Paid by: PD BY (C)	
				DIRECT OIL & GA	100.000000000

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
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Report Date: Jan 24, 2019

Page Number: 41

REPORTED IN HECTARES

DIRECT OIL & GAS INC. Mineral Property Report

Province: ALBERTA
Area : CHARLIE

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)

CROWN SLIDING SCALE ROYALTY ALL PRODUCTS Y N 100.000000000 % of PROD

M0014 D
 Roy Percent:
 Deduction: STANDARD
 Gas: Royalty:
 S/S OIL: Min:
 Other Percent:

Min Pay:
 Div:
 Min:
 Prod/Sales:
 Prod/Sales:
 Prod/Sales:

Paid to: LESSOR (M) 100.000000000
 AB ENERGY
 Paid by: WI (M)
 DIRECT OIL & GA 100.000000000

M0015	PNG LIC	CR	Eff: Nov 24, 1994	128.000	WI
Sub: A	WI		Exp: Nov 23, 1998	128.000	DIRECT OIL & GA
ACTIVE	5494110156		Ext: 15	128.000	100.000000000

Total Rental: 448.00

Status DEVELOPED
 Hectares 64.000
 Net 64.000
 Undev: 64.000
 Hectares 64.000
 Net 64.000
 Prod/Sales: 64.000

Related Contracts
 C0018 A FO&ORR Jan 22, 1998
 C0066 B ROYALTY Dec 01, 2015
 PS0001 A P&S Aug 22, 2017 (I)
 Well U.W.I. Status/Type
 100/05-17-089-06-W6/00 D&C/OIL
 100/05-17-089-06-W6/02 PRODUCING/OIL

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0018 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.000000000 % of PROD
	Roy Percent:				
	Deduction: UNKNOWN				
	Gas: Royalty: 12.500000000				
	S/S OIL: Min: 5.000000000				
	Other Percent: 12.500000000				
	Min Pay: 150.000000				
	Max: 12.500000000 Div: 150.000000				
	Prod/Sales:				
	Prod/Sales:				
	Prod/Sales:				

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

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

(cont'd)

M0015	A	Paid to: PD TO (C) PRAIRIESKY	100.000000000	Paid by: WI DIRECT OIL & GA	(C)	100.000000000	
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<Linked> Royalty Type
 C0066 B GROSS OVERRIDING ROYALTY ALL PRODUCTS N N 100.000000000 % of PROD

Roy Percent: 0.500000000
 Deduction: NO
 Gas: Royalty: 0.500000000
 S/S OIL: Min: Max:
 Other Percent:

Min Pay: Prod/Sales:
 Div: Prod/Sales:
 Min: Prod/Sales:

Paid to: PD TO (C) ROTHWELL DEV	100.000000000	Paid by: PD BY (C) DIRECT OIL & GA	100.000000000
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ROYALTY DEDUCTIONS -
 NO DEDUCTIONS
 GENERAL REMARKS -
 GORR IS PAYABLE ON 100% OF ROYALTY PAYOR'S WORKING INTEREST SHARE OF PRODUCTION

Royalty Type CROWN SLIDING SCALE ROYALTY ALL PRODUCTS	Y	Sliding Scale	Convertible	% of Prod/Sales
Roy Percent:			N	100.000000000
Deduction: STANDARD				
Gas: Royalty:				
S/S OIL: Min: Max:				
Other Percent:				

Min Pay: Prod/Sales:
 Div: Prod/Sales:
 Min: Prod/Sales:

Paid to: LESSOR (M) AB ENERGY	100.000000000	Paid by: PAIDBY (R) DIRECT OIL & GA	100.000000000
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DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

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

(cont'd)

M0015	A					
M0015	PNG LIC	CR	192.000	192.000		WI
Sub: B	WI		192.000	192.000	DIRECT OIL & GA	100.000000000
ACTIVE	5494110156		192.000			
	DIRECT OIL & GA					
100.000000000	DIRECT OIL & GA			672.00		

Total Rental: 672.00

Status	Hectares	Net	Undev.	Hectares	Net
DEVELOPED	64.000	64.000		128.000	128.000

----- Related Contracts -----
 C0018 A FO&ORR Jan 22, 1998
 C0066 B ROYALTY Dec 01, 2015
 PS0001 A P&S Aug 22, 2017 (I)

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0066 B	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.000000000 % of PROD
	Roy Percent: 0.500000000				
	Deduction: NO				
	Gas: Royalty: 0.500000000				
	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	100.000000000	DIRECT OIL & GA	100.000000000	

ROYALTY DEDUCTIONS -
 NO DEDUCTIONS
 GENERAL REMARKS -
 GORR IS PAYABLE ON 100% OF ROYALTY PAYOR'S WORKING INTEREST SHARE OF
 PRODUCTION

**DIRECT OIL & GAS INC.
 Mineral Property Report**

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

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

(cont'd)

M0015

B

Royalty / Encumbrances

<Linked> Royalty Type
 C0018 A GROSS OVERRIDING ROYALTY ALL PRODUCTS Y N 100.000000000 % of PROD
 Roy Percent:
 Deduction: UNKNOWN
 Gas: Royalty: 12.500000000
 S/S OIL: Min: 5.000000000 Max: 12.500000000 Div: 150.000000
 Other Percent: 12.500000000
 Min Pay: Prod/Sales:
 Div: Prod/Sales:
 Min: Prod/Sales:

Paid to: PD TO (C)
 PRAIRIESKY 100.000000000
 Paid by: WI (C)
 DIRECT OIL & GA 100.000000000

Royalty Type
 CROWN SLIDING SCALE ROYALTALL PRODUCTS Y N 100.000000000 % of PROD
 Roy Percent:
 Deduction: STANDARD
 Gas: Royalty:
 S/S OIL: Min:
 Other Percent:
 Min Pay: Prod/Sales:
 Div: Prod/Sales:
 Min: Prod/Sales:

Paid to: LESSOR (M)
 AB ENERGY 100.000000000
 Paid by: PAIDBY (R)
 DIRECT OIL & GA 100.000000000

File Number	Lse Type	Lessor Type	Eff:	Exp:	Ext:	Total Rental:	Related Contracts
M0040	PNG LIC	CR	Feb 08, 2001	Feb 07, 2005	15	896.00	TWP 90 RGE 5 W6M 2 PNG TO BASE BLUESKY-BULLHEAD
Sub: A	WI						
ACTIVE	5401020064						
	DIRECT OIL & GA						

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Operator / Payor	Gross	Net	Doi Partner(s)		
M0040							
Sub: A							
100.00000000	DIRECT OIL & GA						

(cont'd)

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

----- Well U.W.I. Status/Type -----
 100/05-02-090-05-W6/00 PRODUCING/GAS

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
 S/S OIL: Min:
 Other Percent:
 Min Pay:
 Div:
 Min:
 Paid to: PD TO (C)
 ROTHWELL DEV 100.00000000
 Paid by: PD BY (C)
 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

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

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

(cont'd)

M0040 A Deduction: STANDARD
 Gas: Royalty: Min Pay: Prod/Sales:
 S/S OIL: Min: 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

M0041 P NGLIC CR Eff: Feb 08, 2001 512.000 WI
 Sub: A WI Exp: Feb 07, 2005 512.000 DIRECT OIL & GA 100.00000000
 ACTIVE 5401020065 Ext: 15 512.000
 DIRECT OIL & GA Total Rental: 1792.00
 DIRECT OIL & GA

TWP 90 RGE 5 W6M 3, 10
 PNG TO BASE BLUESKY-BULLHEAD

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

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

----- Well U.W.I. Status/Type -----
 100/05-10-090-05-W6/00 PRODUCING/GAS
 100/05-10-090-05-W6/02 D&C/GAS
 100/15-03-090-05-W6/00 PRODUCING/GAS

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
 S/S OIL: Min: Max:
 Other Percent: Min Pay: Prod/Sales:
 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

**DIRECT OIL & GAS INC.
 Mineral Property Report**

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

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

(cont'd)

M0041 A

ROYALTY DEDUCTIONS -
 NO DEDUCTIONS
 GENERAL REMARKS -
 GORR IS PAYABLE ON 100% OF ROYALTY PAYOR'S WORKING INTEREST SHARE OF
 PRODUCTION

Royalty Type
 CROWN SLIDING SCALE ROYALTY ALL PRODUCTS Y N 100.000000000 % of PROD
 Roy Percent:
 Deduction: STANDARD
 Gas: Royalty:
 S/S OIL: Min:
 Other Percent:
 Min Pay:
 Div:
 Max:
 Min:
 Paid to: LESSOR (M)
 AB ENERGY 100.000000000
 Paid by: WI (M)
 DIRECT OIL & GA 100.000000000
 Prod/Sales:
 Prod/Sales:
 Prod/Sales:

M0042	PNG LSE	CR	Eff:	Jul 12, 1996	64.000	WI	TWP 89 RGE 6 W6M NW 7				
Sub: A	WI		Exp:	Jul 11, 2001	64.000	DIRECT OIL & GA	PNG TO BASE BLUESKY-BULLHEAD				
ACTIVE	0596070279		Ext:	15	64.000						
100.000000000	DIRECT OIL & GA		Total Rental:	224.00							
	DIRECT OIL & GA										
Status	DEVELOPED	Dev:	Hectares	64.000	Net	64.000	Undev:	0.000	Hectares	Net	0.000
Royalty / Encumbrances											
----- Related Contracts -----											
C0066 B	ROYALTY	Dec 01, 2015									
PS0001 A	P&S	Aug 22, 2017 (I)									
----- Well U.W.I. Status/Type -----											
100/11-07-089-06-W6/00	SUSPENDED/OIL										

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

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

(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				
M0042	A	Gas: Royalty: 0.50000000	Min Pay:		Prod/Sales:
	S/S OIL: Min:	Other Percent:	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

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

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

File Number	Lse Type	Lessor Type	Eff	Oper. Cont.	ROFR	DOI Code	Exposure		Lease Description / Rights Held	
							Gross	Net		
File Status	Int Type / Lse No/Name	Operator / Payor	Exp	Ext	Net	Doi Partner(s)	Net	Undev	Hectares	Net
M0042	PNG LSE	CR	Jul 12, 1996				192.000		WI	
Sub: B	WI		Jul 11, 2001				192.000		DIRECT OIL & GA	100.000000000
ACTIVE	0596070279		Ext: 15				192.000			
100.000000000	DIRECT OIL & GA							672.00		
	DIRECT OIL & GA									192.000

TWP 89 RGE 6 W6M S 7, NE 7
 PNG TO BASE BLUESKY-BULLHEAD

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

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0066 B	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.000000000 % of PROD
	Roy Percent: 0.500000000				
	Deduction: NO				
	Gas: Royalty: 0.500000000				
	S/S OIL: Min:				
	Other Percent:				
	Paid to: PD TO (C)				
	ROTHWELL DEV				
	Paid by: PD BY (C)				
	DIRECT OIL & GA				
					100.000000000

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	100.000000000 % of PROD

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

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

(cont'd)

M0042
 Roy Percent: STANDARD
 Deduction: STANDARD
 Gas: Royalty: S/S OIL: Min: Max: Prod/Sales:
 Other Percent: Min: Div: Min: Prod/Sales:
 Paid to: LESSOR (M) 100.000000000 DIRECT OIL & GA 100.000000000
 AB ENERGY

M0043
 Sub: A PNG LSE CR Eff: Jul 12, 1996 256.000 WI
 ACTIVE WI Exp: Jul 11, 2001 256.000 DIRECT OIL & GA 100.000000000
 0596070280 Ext: 15 256.000
 DIRECT OIL & GA Total Rental: 896.00
 DIRECT OIL & GA
 Status Hectares Net Hectares Net
 DEVELOPED Dev: 256.000 Undev: 0.000 0.000
 Royalty / Encumbrances
 TWP 89 RGE 7 W6M 12
 PNG TO BASE BLUESKY-BULLHEAD
 Related Contracts
 C0066 B ROYALTY Dec 01, 2015
 PS0001 A P&S Aug 22, 2017 (f)
 Well U.W.I. Status/Type
 100/16-12-089-07-W6/00 ABND/ABND ZON
 100/16-12-089-07-W6/02 PRODUCING/OIL
 100/16-12-089-07-W6/03 COMMINGLE/OIL

<Linked> Royalty Type Product Type Sliding Scale Convertible % of Prod/Sales
 C0066 B GROSS OVERRIDING ROYALTY ALL PRODUCTS N N 100.000000000 % of PROD
 Roy Percent: 0.500000000
 Deduction: NO
 Gas: Royalty: 0.500000000
 S/S OIL: Min: Max: Min Pay: Div: Min: Prod/Sales:
 Other Percent: Min: Div: Min: Prod/Sales:
 Paid to: PD TO (C) Paid by: PD BY (C)

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

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

(cont'd)

M0043 A ROTHWELL DEV 100.000000000 DIRECT OIL & GA 100.000000000

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 ROYALTYALL PRODUCTS Y N 100.000000000 % of PROD

Roy Percent:
 Deduction: STANDARD
 Gas: Royalty:
 S/S OIL: Min:
 Other Percent:
 Min Pay:
 Div:
 Min:
 Prod/Sales:
 Prod/Sales:
 Prod/Sales:

Paid to: LESSOR (M) Paid by: WI (M)
 AB ENERGY 100.000000000 DIRECT OIL & GA 100.000000000

M0061 PNG LSE CR Eff: May 20, 2004 128.000 WI
 Sub: A WI Exp: May 19, 2009 128.000 DIRECT OIL & GA 100.000000000
 ACTIVE 0504050757 Ext: 15 128.000
 100.000000000 DIRECT OIL & GA
 100.000000000 DIRECT OIL & GA
 Total Rental: 448.00

----- Related Contracts -----
 C0066 B ROYALTY Dec 01, 2015
 PS0001 A P&S Aug 22, 2017 (I)
 TWP 89 RGE 6 W6M S 5
 PNG TO BASE BLUESKY-BULLHEAD

Status Hectares Net Hectares Net
 DEVELOPED Dev: 128.000 Net 128.000 Undev: 0.000 Hectares Net
 0.000 0.000

Royalty / Encumbrances

REPORTED IN HECTARES

DIRECT OIL & GAS INC.
Mineral Property Report

Province: ALBERTA
 Area : CHARLIE

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

(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				
	Gas: Royalty: 0.50000000				
	S/S OIL: Min:				
	Other Percent:				
M0061	A				
	Paid to: PD TO (C)				
	ROTHWELL DEV				
	100.00000000				
	Paid by: PD BY (C)				
	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	N	N	100.00000000 % of PROD
Roy Percent:				
Deduction:	STANDARD			
Gas: Royalty:				
S/S OIL: Min:				
Other Percent:				
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 : CHARLIE

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	
M0091	PNG LIC CR		256.000			WI	TWP 89 RGE 5 W6M SEC 33
Sub: A	WI	Eff: Apr 07, 2011	256.000	DIRECT OIL & GA	100.000000000		PNG TO BASE MONTNEY
ACTIVE	5411040270	Exp: Apr 06, 2015	256.000				
	DIRECT OIL & GA	Ext: INTRMEDIAT	256.000				
100.000000000	DIRECT OIL & GA	Ext: Apr 07, 2020		Total Rental: 896.00			
	DIRECT OIL & GA						

----- Related Contracts -----
 C0066 I ROYALTY Dec 01, 2015
 PS0001 A P&S Aug 22, 2017 (I)
 ----- Well U.W.I. Status/Type -----
 100/16-33-089-05-W6/00 SUSPENDED/OIL

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0066 I	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.000000000 % of PROD
	Roy Percent: 0.500000000				
	Deduction: NO				
	Gas: Royalty: 0.500000000				
	S/S OIL: Min:				
	Other Percent:				
	Paid to: PD TO (C)				
	ROTHWELL DEV	100.000000000			
	Paid by: PD BY (C)				
	DIRECT OIL & GA	100.000000000			

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	100.000000000 % of PROD

**DIRECT OIL & GAS INC.
 Mineral Property Report**

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

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

(cont'd)

M0091
 Sub: A
 ACTIVE
 100.000000000

Roy Percent: STANDARD
 Deduction: STANDARD
 Gas: Royalty: S/S OIL: Min: Other Percent:
 Min Pay: Div: Min: Prod/Sales: Prod/Sales: Prod/Sales:

Paid to: LESSOR (M) 100.000000000
 AB ENERGY

Paid by: WI (M) 100.000000000
 DIRECT OIL & GA

M0091 PNLIC CR Eff: Apr 07, 2011 512.000 WI
 Sub: WI Exp: Apr 06, 2015 512.000 DIRECT OIL & GA 100.000000000
 ACTIVE 5411040270 Ext: INTRMEDIAT 512.000
 DIRECT OIL & GA Ext: Apr 07, 2020
 DIRECT OIL & GA
 100.000000000

Total Rental: 1792.00

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

Royalty / Encumbrances

<Linked> Royalty Type Product Type Sliding Scale Convertible % of Prod/Sales
 C0066 T GROSS OVERRIDING ROYALTY ALL PRODUCTS N N 100.000000000 % of PROD

Roy Percent: 0.500000000
 Deduction: NO
 Gas: Royalty: 0.500000000
 S/S OIL: Min: Max: Min Pay: Div: Min: Prod/Sales: Prod/Sales: Prod/Sales:
 Other Percent: Max: Min: Paid by: PD TO (C) PD BY (C)

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CHARLIE

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name		Gross	Net	Doi Partner(s)		
M0091	B	ROTHWELL DEV	100.00000000		DIRECT OIL & GA	100.00000000	

(cont'd)

ROYALTY DEDUCTIONS -
 NO DEDUCTIONS
 GENERAL REMARKS -
 GORR IS PAYABLE ON 100% OF ROYALTY PAYOR'S WORKING INTEREST SHARE OF
 PRODUCTION

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

REPORTED IN HECTARES

**DIRECT OIL & GAS INC.
 Mineral Property Report**

Province: ALBERTA
 Area : CHARLIE

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

Area Total:	Total Gross:	6,656,000	Total Net:	6,579,200	Undev Gross :	1,408,000	Undev Net :	1,350,400
	Dev Gross:	5,248,000	Dev Net:	5,228,800				

DIRECT OIL & GAS INC. Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
Area : CRANBERRY

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont:	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Operator / Payor	Gross	Net	Doi Partner(s)	*	
M0037	PNG LSE	CR	256.000	256.000		WI	TWP 97 RGE 2 W6M 6
Sub: A	WI		256.000	256.000	DIRECT OIL & GA	100.000000000	PNG TO BASE SLAVE_POINT
ACTIVE	0590100381	DIRECT OIL & GA	256.000				
100.000000000	DIRECT OIL & GA						
	DIRECT OIL & GA						
					Total Rental: 896.00		

----- Related Contracts -----
 C0066 J ROYALTY Dec 01, 2015
 PS0001 A P&S Aug 22, 2017 (I)
 ----- Well U.W.I. Status/Type -----
 100/06-06-097-02-W6/00 SHUTIN/GAS

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0066 J	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.000000000 % of PROD
	Roy Percent: 0.500000000				
	Deduction: NO				
	Gas: Royalty: 0.500000000				
	S/S OIL: Min:				
	Other Percent:				
	Paid to: PD TO (C)				
	ROTHWELL DEV	100.000000000			
	Paid by: PDBY (C)				
	DIRECT OIL & GA	100.000000000			

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	100.000000000 % of PROD
Roy Percent:				

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : CRANBERRY

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

(cont'd)

M0037 A Deduction: STANDARD
 Gas: Royalty: Min Pay: Prod/Sales:
 S/S OIL: Min: Div: Prod/Sales:
 Other Percent: Min: Prod/Sales:
 Paid to: LESSOR (M) Paid by: WI (M)
 AB ENERGY 100.00000000 DIRECT OIL & GA 100.0000000000

M0038 PNG LSE CR Eff: Jun 15, 1989 256.000 C0040 A No WI
 Sub: A WI Exp: Jun 14, 1994 256.000 DIRECT OIL & GA 34.65000000
 ACTIVE 0589060380 Ext: 15 88.704 CNR 65.35000000
 CNR
 100.00000000 CNRL Total Rental: 896.00

Status DEVELOPED Dev: 256.000 Hectares Net 88.704 Hectares Net
 Undev: 0.000 Undev: 0.000
 % of Prod/Sales 0.000

----- Related Contracts -----
 C0040 A JOA Oct 09, 1991
 C0066 J ROYALTY Dec 01, 2015
 PS0001 A P&S Aug 22, 2017 (I)
 ----- Well U.W.I. Status/Type -----
 100/04-12-097-03-W6/00 PRODUCING/GAS

Royalty / Encumbrances

<Linked> Royalty Type Product Type Sliding Scale Convertible % of Prod/Sales
 C0066 J GROSS OVERRIDING ROYALTY ALL PRODUCTS N N 100.000000000 % 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 100.0000000000

REPORTED IN HECTARES

DIRECT OIL & GAS INC.
Mineral Property Report

Province: ALBERTA
 Area : CRANBERRY

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

(cont'd)

M0038

A

ROYALTY DEDUCTIONS -
 NO DEDUCTIONS
 GENERAL REMARKS -
 GORR IS PAYABLE ON 100% OF ROYALTY PAYOR'S WORKING INTEREST SHARE OF
 PRODUCTION

Royalty Type
 CROWN SLIDING SCALE ROYALTYALL PRODUCTS Y N 100.00000000 % of PROD

Roy Percent:
 Deduction: STANDARD
 Gas: Royalty:
 S/S OIL: Min:
 Other Percent:

Product Type
 Sliding Scale Convertible % of Prod/Sales
 Min Pay:
 Div:
 Min:

Paid to: LESSOR (M)
 AB ENERGY 100.00000000

Prod/Sales:
 Prod/Sales:
 Prod/Sales:
 Paid by: WI (C)
 DIRECT OIL & GA 34.65000000
 CNR 65.35000000

Report Date: Jan 24, 2019
 Page Number: 83

REPORTED IN HECTARES

**DIRECT OIL & GAS INC.
 Mineral Property Report**

Province: ALBERTA
 Area : CRANBERRY

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

Area Total:	Total Gross:	512.000	Total Net:	344.704	Undev Gross :	0.000	Undev Net :	0.000
	Dev Gross:	512.000	Dev Net:	344.704				

DIRECT OIL & GAS INC. Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : DIXONVILLE

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Operator / Payor	Gross	Net	Doi Partner(s)		
M0010	PNG LSE CR		448.000	448.000		WI	TWP 087 RGE 01 W6M N 20, SE 20, 21
Sub: A	WI		448.000	448.000	DIRECT OIL & GA	100.000000000	
ACTIVE	18701		448.000				PNG TO BASE BLUESKY-BULLHEAD
100.000000000	DIRECT OIL & GA			Total Rental:	1568.00		
	DIRECT OIL & GA						

Status	Hectares	Net	Hectares	Net
DEVELOPED	448.000	448.000	0.000	0.000

Product Type	Sliding Scale	Convertible	% of Prod/Sales
ALL PRODUCTS	N	N	50.00000000

Related Contracts

C0017 B	GOR	Apr 30, 1973
C0066 B	ROYALTY	Dec 01, 2015
PS0001 A	P&S	Aug 22, 2017 (I)

Well U.W.I.

100/10-20-087-01-W6/00	PRODUCING/GAS
100/10-20-087-01-W6/02	COMMINGLED/GAS
100/13-21-087-01-W6/00	ABND/ABND ZON
100/13-21-087-01-W6/02	SUSPENDED/GAS
100/13-21-087-01-W6/03	SUSPENDED/GAS

Royalty / Encumbrances

Product Type	Sliding Scale	Convertible	% of Prod/Sales
ALL PRODUCTS	N	N	50.00000000

Min Pay:
 Div: Prod/Sales:
 Min: Prod/Sales:

Paid to: PD TO (C)
 JAMESLAW 100.00000000

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

GENERAL REMARKS - Jul 25, 2008
 DEDUCTIONS: ALL COSTS INCURRED BY BNP DOWNSTREAM FROM THE WELLHEAD IN CONNECTION WITH GATHERING, STORING, TREATING, PROCESSING, COMPRESSING, TRANSPORTING, SHIPPING & MARKETING OF ALL SUBSTANCES.

Product Type	Sliding Scale	Convertible	% of Prod/Sales
ALL PRODUCTS	N	N	100.00000000

<Linked> Royalty Type
 C0066 B GROSS OVERRIDING ROYALTY
 Roy Percent: 0.50000000
 Deduction: NO

DIRECT OIL & GAS INC.
Mineral Property Report

Province: ALBERTA
 Area : DIXONVILLE

REPORTED IN HECTARES

File Number	Lse Type	Lessor Type	Exposure	Oper. Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Operator / Payor	Gross	Net	Doi Partner(s)	*	*
M0010	A		Gas: Royalty: 0.500000000	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	DIRECT OIL & GA	100.000000000	100.000000000	
<p>ROYALTY DEDUCTIONS - NO DEDUCTIONS GENERAL REMARKS - GORR IS PAYABLE ON 100% OF ROYALTY PAYOR'S WORKING INTEREST SHARE OF PRODUCTION</p>							
Royalty / Encumbrances							
Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales			
CROWN SLIDING SCALE ROYALTYALL PRODUCTS	Y	N	100.000000000	% of PROD			
Roy Percent:							
Deduction: STANDARD							
Gas: Royalty:	Min Pay:						Prod/Sales:
S/S OIL: Min:	Div:						Prod/Sales:
Other Percent:	Min:						Prod/Sales:
Paid to: LESSOR (M)	Paid by: WI (M)						
AB ENERGY	DIRECT OIL & GA	100.000000000	100.000000000				

M0011	PNG LSE CR	Eff: Aug 01, 1972	64.000	WI	TWP 087 RGE 01 W6M SW 20		
Sub: A	WI	Exp: Jul 31, 1982	64.000	DIRECT OIL & GA	100.000000000	PNG TO BASE BLUESKY-BULLHEAD	
ACTIVE	28850	Ext: 15	64.000				

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : DIXONVILLE

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

(cont'd)
 M0011 A Gas: Royalty: 0.500000000
 S/S OIL: Min: Max:
 Other Percent: Min Pay:
 Div: Prod/Sales:
 Min: Prod/Sales:

Paid to: PD TO (C) Paid by: PD BY (C)
 ROTHWELL DEV 100.000000000 DIRECT OIL & GA 100.000000000

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 ROYALTYALL PRODUCTS Y N 100.000000000 % of PROD
 Roy Percent:
 Deduction: STANDARD
 Gas: Royalty: Min Pay: Prod/Sales:
 S/S OIL: Min: Div: Prod/Sales:
 Other Percent: Max: Min: Prod/Sales:
 Paid to: LESSOR (M) Paid by: WI (M)
 AB ENERGY 100.000000000 DIRECT OIL & GA 100.000000000

M0019 PNG LSE CR Eff: May 05, 1969 256.000 WI
 Sub: A WI Exp: May 04, 1979 256.000 DIRECT OIL & GA 100.000000000
 ACTIVE 18701A Ext: 15 256.000
 TWP 087 RGE 01 W6M SEC 28
 PNG TO BASE BLUESKY-BULLHEAD

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
Area : DIXONVILLE

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

(cont'd)

M0019

Sub: A DIRECT OIL & GAS
100.00000000 DIRECT OIL & GAS

Total Rental: 896.00

Status	DEVELOPED	Dev:	256.000	Net	256.000	Undev:	0.000	Hectares	0.000	Net	0.000
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Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0017 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD
	Roy Percent:	2.50000000			
	Deduction:	UNKNOWN			
	Gas: Royalty:				
	S/S OIL: Min:				
	Other Percent:				
	Min Pay:				
	Div:				
	Max:				
	Min:				
	Prod/Sales:				
	Prod/Sales:				
	Prod/Sales:				

Paid to: PD TO (C)
JAMESLAW 100.00000000

Paid by: PD BY (C)
DIRECT OIL & GAS 100.00000000

GENERAL REMARKS - Jul 25, 2008

DEDUCTIONS: ALL COSTS INCURRED BY BNP DOWNSTREAM FROM THE WELLHEAD IN CONNECTION WITH GATHERING, STORING, TREATING, PROCESSING, COMPRESSING, TRANSPORTING, SHIPPING & MARKETING OF ALL SUBSTANCES.

<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			

----- Related Contracts -----
C0017 A GOR Apr 30, 1973
C0066 B ROYALTY Dec 01, 2015
PS0001 A P&S Aug 22, 2017 (I)

----- Well U.W.I. Status/Type -----
100/03-28-087-01-W6/00 SUSPENDED/GAS
100/03-28-087-01-W6/02 PRODUCING/GAS
102/03-28-087-01-W6/00 DISPOSAL/SWD

DIRECT OIL & GAS INC. Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : HABAY

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

(cont'd)

M0032 A Deduction: STANDARD
 Gas: Royalty: Min Pay: Prod/Sales:
 S/S OIL: Min: 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

M0036 PNG LIC CR Eff: Sep 07, 2000 256.000 WI
 Sub: A WI Exp: Sep 06, 2004 256.000 DIRECT OIL & GA 100.00000000
 ACTIVE 5400090044 Ext: 15 256.000
 DIRECT OIL & GA
 100.00000000 DIRECT OIL & GA

Total Rental: 896.00

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

----- Well U.W.I. Status/Type -----
 100/03-14-088-06-W6/00 PRODUCING/OIL
 100/02-14-088-06-W6/00 PRODUCING/OIL
 100/06-14-088-06-W6/00 SUSPENDED/GAS
 100/06-14-088-06-W6/02 SUSPENDED/GAS
 100/06-14-088-06-W6/03 SUSPENDED/GAS

Status Hectares Net Hectares Net
 DEVELOPED Dev: 256.000 Undev: 0.000
 Royalty / Encumbrances

<Linked> Royalty Type Product Type Sliding Scale Convertible % of Prod/Sales
 C0066 I 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:
 Other Percent: Min Pay: Div: Min: Prod/Sales:
 Paid to: PD TO (C) Paid by: PD BY (C)
 ROTHWELL DEV 100.00000000 DIRECT OIL & GA 100.00000000

DIRECT OIL & GAS INC.
Mineral Property Report

REPORTED IN HECTARES

Province: ALBERTA
 Area : HABAY

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Operator / Payor	Gross	Net	Doi Partner(s)	*	*
M0036	A						

(cont'd)

ROYALTY DEDUCTIONS -
 NO DEDUCTIONS
 GENERAL REMARKS -
 GORR IS PAYABLE ON 100% OF ROYALTY PAYOR'S WORKING INTEREST SHARE OF
 PRODUCTION

Royalty Type
 CROWN SLIDING SCALE ROYALTYALL PRODUCTS

Roy Percent:		Product Type	Sliding Scale	Convertible	% of Prod/Sales
Deduction:	STANDARD			N	100.00000000 % of PROD
Gas: Royalty:		Min Pay:			Prod/Sales:
S/S OIL: Min:		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: 99

**DIRECT OIL & GAS INC.
 Mineral Property Report**

REPORTED IN HECTARES

Province: ALBERTA
 Area : HABAY

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

Area Total:	Total Gross:	384.000	Total Net:	384.000	Undev Gross:	128.000	Undev Net:	128.000
	Dev Gross:	256.000	Dev Net:	256.000				

APPENDIX 2

THE FOLLOWING COMPRISES SCHEDULE "C" attached to and forming part of a Purchase and Sale Agreement dated the 17th day of June, 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 BLUE SKY RESOURCES LTD.

FACILITIES

Licence No.	Location	Facility	Operator	Area	WI
F17420	12-05-089-05W6M	Compressor	Direct	Charlie	100%
F21155	02-32-087-01W6M	Compressor	Direct	Dixonville	100%
F25499	13-09-089-06W6M	Battery	Direct	Charlie	100%
F31877	16-33-084-08W6M	Battery	Direct	Cecil	40%
F41029	02-32-087-01W6M	Injection Plant	Direct	Dixonville	100%
F41919	06-23-088-06W6M	Battery	Direct	Habay	100%
F41949	11-14-088-06W6M	Satellite	Direct	Habay	100%
F50682	10-30-089-05W6M	Battery	Direct	Charlie	100%
F23478	12-24-096-03W6M	Compressor	CNRL	Cranberry	13.58752%
F46384	15-03-097-04W6M	Battery	CNRL	Cranberry	13.58752%

APPENDIX 3

THE FOLLOWING COMPRISES SCHEDULE "D" attached to and forming part of a Purchase and Sale Agreement dated the 17th day of June, 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 BLUE SKY RESOURCES LTD.

PIPELINES

See the attached 2 pages.

	A	B	C	D
1	License #	Line #	From Location	To Location
2	A10258	1	02-32-087-01W6	15-32-087-01W6
3	A28085	1	06-06-097-02W6	11-25-096-03W6
4	A35556	1	06-02-088-06W6	14-34-087-06W6
5	A35556	2	06-14-088-06W6	06-02-088-06W6
6	A35556	4	11-14-088-06W6	06-14-088-06W6
7	A38374	1	02-32-087-01W6	03-28-087-01W6
8	A38726	1	15-05-085-08W6	14-04-085-08W6
9	A38726	2	14-04-085-08W6	16-04-085-08W6
10	A40940	1	06-05-085-08W6	02-07-085-08W6
11	A41429	1	08-05-085-08W6	15-05-085-08W6
12	A41429	2	15-05-085-08W6	15-05-085-08W6
13	A43575	1	11-04-085-08W6	14-04-085-08W6
14	A43575	2	08-08-085-08W6	14-04-085-08W6
15	A43667	1	08-04-085-08W6	16-33-084-08W6
16	A43667	2	14-04-085-08W6	16-33-084-08W6
17	A44475	1	05-02-090-05W6	07-05-090-04W6
18	A44494	1	03-10-090-05W6	05-02-090-05W6
19	A44494	2	15-03-090-05W6	15-03-090-05W6
20	A46158	1	16-33-084-08W6	12-34-084-08W6
21	A49445	1	16-33-084-08W6	08-32-084-08W6
22	A49445	2	16-33-084-08W6	12-34-084-08W6
23	A52004	1	12-05-089-05W6	13-09-089-06W6
24	A52004	2	12-08-089-06W6	11-07-089-06W6
25	A52004	3	12-08-089-06W6	05-08-089-06W6
26	A52004	4	13-09-089-06W6	05-17-089-06W6
27	A52004	5	05-08-089-06W6	13-05-089-06W6
28	A52004	6	14-07-089-06W6	05-18-089-06W6
29	A52004	7	13-09-089-06W6	01-08-089-06W6
30	A52004	8	13-09-089-06W6	12-08-089-06W6
31	A52004	9	05-08-089-06W6	03-08-089-06W6
32	A52005	1	16-33-084-08W6	14-33-084-08W6
33	A52005	2	14-04-085-08W6	08-08-085-08W6
34	A52005	3	01-04-085-08W6	14-04-085-08W6
35	A52005	4	14-04-085-08W6	11-04-085-08W6
36	A52005	5	16-33-084-08W6	08-04-085-08W6
37	A54393	1	14-33-084-08W6	16-33-084-08W6
38	A59480	1	03-28-087-01W6	02-32-087-01W6
39	A59480	2	10-20-087-01W6	03-28-087-01W6
40	A59480	3	13-21-087-01W6	13-21-087-01W6
41	A59483	1	10-30-089-05W6	01-19-089-05W6
42	A59483	2	01-19-089-05W6	12-05-089-05W6
43	A59483	3	12-05-089-05W6	11-20-087-05W6
44	A59483	4	08-31-089-05W6	10-30-089-05W6
45	A59483	5	12-17-089-05W6	08-18-089-05W6
46	A59483	7	07-25-089-06W6	10-30-089-05W6

	A	B	C	D
47	A59483	8	11-24-089-06W6	07-25-089-06W6
48	A59483	9	15-23-089-06W6	16-23-089-06W6
49	A59483	10	16-23-089-06W6	11-24-089-06W6
50	A59483	11	16-07-089-05W6	16-07-089-05W6
51	A59483	12	13-19-089-05W6	05-30-089-05W6
52	A59483	13	14-30-089-05W6	15-30-089-05W6
53	A59483	14	03-25-089-06W6	07-25-089-06W6
54	A59483	15	09-31-089-05W6	08-31-089-05W6
55	A59483	16	13-09-089-06W6	12-05-089-05W6
56	A59483	17	05-02-090-05W6	04-04-090-05W6
57	A59483	18	04-04-090-05W6	11-32-089-05W6
58	A59483	19	11-32-089-05W6	08-31-089-05W6
59	A59491	1	05-08-089-06W6	12-08-089-06W6
60	A59491	2	12-08-089-06W6	13-09-089-06W6
61	A59491	3	09-08-089-06W6	13-09-089-06W6
62	A59491	4	05-17-089-06W6	13-09-089-06W6
63	A59491	5	11-07-089-06W6	12-08-089-06W6
64	A59491	6	11-14-088-06W6	06-23-088-06W6
65	A59491	7	13-05-089-06W6	05-08-089-06W6
66	A59491	8	01-08-089-06W6	13-09-089-06W6
67	A59491	9	16-12-089-07W6	14-07-089-06W6
68	A59494	1	12-34-084-08W6	16-33-084-08W6

APPENDIX 4

THE FOLLOWING COMPRISES SCHEDULE "E" attached to and forming part of a Purchase and Sale Agreement dated the 17th day of June, 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 BLUE SKY RESOURCES LTD.

WELLS

See the attached 2 pages.

Cecil Well List

License	UWI	Isd	sec	twp	rge	mer	Location	Status	Formation	Licensee	Direct Wt%
0361957	102/08-32-084-08W6/0	102	08	32	084	08	6 0	Water Inj	Charlie Lk	Direct Oil	100%
0304852	100/14-33-084-08W6/0	100	14	33	084	08	6 0	Oil	Charlie Lk	Direct Oil	100%
0305222	102/16-33-084-08W6/0	102	16	33	084	08	6 0	Oil	Doig	Direct Oil	100%
0312986	100/03-34-084-08W6/0	100	03	34	084	08	6 0	Water Inj	Charlie Lk	Direct Oil	100%
0312991	100/12-34-084-08W6/2	100	12	34	084	08	6 2	Susp Water Src	Bluesky	Direct Oil	100%
0309952	100/06-04-085-08W6/0	100	06	04	085	08	6 0	Suspended Oil	Doig	Direct Oil	30%
0312621	100/14-04-085-08W6/0	100	14	04	085	08	6 0	Suspended Oil	Doig	Direct Oil	30%
0284473	100/06-05-085-08W6/0	100	06	05	085	08	6 0	Oil	Charlie Lk	Direct Oil	30%
0293014	100/08-05-085-08W6/0	100	08	05	085	08	6 0	Oil	Charlie Lk	Direct Oil	44.12%BPEN,30%A
0305683	100/14-05-085-08W6/0	100	14	05	085	08	6 0	Oil	Charlie Lk	Direct Oil	30%
0268001	100/15-05-085-08W6/0	100	15	05	085	08	6 0	Oil	Charlie Lk	Direct Oil	44.12%BPEN,30%A
0312694	100/08-08-085-08W6/0	100	08	08	085	08	6 0	Suspended Oil	Charlie Lk	Direct Oil	30%

Dixonville Well List

License	UWI	Isd	sec	twp	rge	mer	Location	Status	Formation	Licensee	Direct Wt%
0334209	100/10-20-087-01W6/0	100	10	20	087	01	6 0	Gas	Bluesky	Direct Oil	100%
0343306	100/13-21-087-01W6/2	100	13	21	087	01	6 2	Suspended Gas	Gething	Direct Oil	100%
0042895	100/03-28-087-01W6/2	100	03	28	087	01	6 2	Gas	Ntkn, Wilrich	Direct Oil	100%
0209433	102/03-28-087-01W6/0	102	03	28	087	01	6 0	Water Disposal	Leduc	Direct Oil	100%

Habay Well List

License	UWI	Isd	sec	twp	rge	mer	Location	Status	Formation	Licensee	Direct Wt%
0305328	100/02-14-088-06W6/0	100	02	14	088	06	6 0	Oil	Montney	Direct Oil	100%
0296060	100/03-14-088-06W6/0	100	03	14	088	06	6 0	Oil	Montney	Direct Oil	100%
0261282	100/06-14-088-06W6/3	100	06	14	088	06	6 3	Suspended Gas	Gething	Direct Oil	100%

Charlie Well List

UWI	Isd	sec	twp	rge	mer	Status	Formation	Licensee	Direct WI%		
										Location	
0136273	100	12	17	089	05	6	0	Gas	Gething	Direct Oil	100%
0123336	100	01	19	089	05	6	0	Gas	Gething	Direct Oil	100%
0232411	100	13	19	089	05	6	0	Gas	Gething	Direct Oil	100%
0232363	100	14	30	089	05	6	0	Suspended Gas	Gething	Direct Oil	100%
0125641	100	08	31	089	05	6	0	Gas	Gething	Direct Oil	100%
0244085	100	09	31	089	05	6	0	Gas	Gething	Direct Oil	100%
0441800	100	16	33	089	05	6	0	Suspended Oil	Montney	Direct Oil	100%
0301311	100	13	05	089	06	6	0	Oil	Gething	Direct Oil	100%
0252820	100	11	07	089	06	6	0	Suspended Oil	Gething	Direct Oil	100%
0213685	100	01	08	089	06	6	0	Oil	Gething	Direct Oil	100%
0235248	100	05	08	089	06	6	0	Oil	Gething	Direct Oil	100%
0235244	102	09	08	089	06	6	0	Oil	Gething	Direct Oil	100%
0244717	100	12	08	089	06	6	2	Oil	Gething	Direct Oil	100%
0243861	100	13	09	089	06	6	0	Water Disposal	Belloy	Direct Oil	100%
0252679	100	05	17	089	06	6	2	Oil	Gething	Direct Oil	100%
0200874	100	15	23	089	06	6	0	Gas	Gething	Direct Oil	100%
0244185	100	03	25	089	06	6	0	Gas	Gething	Direct Oil	100%
0146657	100	07	25	089	06	6	0	Gas	Gething	Direct Oil	100%
0268256	100	16	12	089	07	6	2	Oil	Gething	Direct Oil	100%
0324863	100	05	02	090	05	6	0	Gas	Bluesky	Direct Oil	100%
0342874	100	15	03	090	05	6	0	Gas	Gething	Direct Oil	100%
0324916	100	05	10	090	05	6	0	Suspended Gas	Wlrch, Blsky	Direct Oil	100%

Cranberry Well List

UWI	Isd	sec	twp	rge	mer	Status	Formation	Licensee	Direct WI%		
										Location	
0168579	100	06	06	097	02	6	0	Suspended Gas	Slave Point	Direct Oil	100%
0160407	100	04	12	097	03	6	0	Gas	Slave Point	CNRL	34.65%

APPENDIX 5

Schedule "D" Crown Leases

The following Alberta Crown leases, licenses or agreements held by Direct Oil & Gas Inc.:

Lease/Licence/Agreement No.	Area
5494030135	Cecil
0599030507	Cecil
0599030508	Cecil
0599110200	Cecil
0594110801	Charlie
0280060001	Charlie
5494070073	Charlie
5494110156	Charlie
5401020064	Charlie
5401020065	Charlie
0596070279	Charlie
0596070280	Charlie
0504050757	Charlie
5411040270	Charlie
0599120521	Habay
5400090044	Habay
0590100381	Cranberry
0589060380	Cranberry
18701	Dixonville
28850	Dixonville
18701A	Dixonville

Appendix B

SECOND AMENDING AGREEMENT

THIS AGREEMENT made as of the 29th day of March, 2021

BETWEEN:

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

- and -

BLUE SKY RESOURCES LTD., a corporation incorporated under the laws of the Province of Alberta (the “Purchaser”)

WHEREAS Direct Oil & Gas Inc. (“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 pursuant to a purchase and sale agreement dated June 17, 2020 (the “Sale Agreement”) between the Vendor and the Purchaser, the Vendor agreed to sell and the purchaser agreed to purchase all of the interest of Vendor in and to the Assets, subject to and in accordance with the terms and conditions hereof;

AND WHEREAS the Purchaser requested a reduction of the Purchase Price as a result of the condition of the Assets and the Vendor determined it was in the best interest of the estate of Direct to agree to such reduction on the terms and subject to the terms of a First Amending Agreement dated December 17, 2020 (the “First Amending Agreement”);

AND WHEREAS the Purchaser requested a change to the Closing Date of the transaction evidenced by the Sale Agreement and the First Amending Agreement, and the Vendor determined it was in the best interest of the estate of Direct to agree to such change on the terms and subject to the terms of this Second Amending Agreement; and

AND WHEREAS the Sale Agreement and First Amending Agreement reference Direct Oil & Gas Ltd. rather than Direct Oil & Gas Inc.

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:

1. Definitions and Interpretation

- (a) Unless defined in this Agreement or the context otherwise requires, capitalized terms have the meanings given to them in the Sale Agreement and the First Amending Agreement, and “**Second Amending Agreement**” means this agreement.
- (b) The headings used in this Amending Agreement are inserted for convenience of reference only and shall not affect the construction or interpretation of this Amending Agreement. Any reference herein to this Amending Agreement shall be deemed to include reference to the same as it may be amended, modified and supplemented from time to time.

2. Amendments to the Sale Agreement

Effective as of the satisfaction of the condition in Section 54, the Parties hereby agree that the Sale Agreement is hereby amended as follows:

(a) Section 1.1(i) of the Sale Agreement is amended to read as follows:

“(i) **“Closing Date”** means 10:00 am (Mountain time) on the 26th day of April, 2021, or such other time and date as may be agreed upon in writing by the Parties provided, however, that the Closing Date shall not be later than the Outside Date;”

(b) Section 1.1(kk) of the Sale Agreement is amended to read as follows:

“(kk) **“Outside Date”** means April 30, 2021 or such other date as the Parties may agree;”

(c) Section 2.5(a)(i) of the Sale Agreement is deleted and replaced with the following:

(i) on the date hereof, the Purchaser paid the sum of [REDACTED], and on the 29th day of March, 2021, the Purchaser paid the further sum of [REDACTED] (the sum of such amounts, being [REDACTED], is hereinafter referred to as the **“Deposit”**) to the Vendor;

(d) Section 2.5(c) of the Sale Agreement is deleted and replaced with the following:

(c) If this Agreement is terminated for any reason, the full amount of the Deposit shall be forfeited to the Vendor, and, subject to Section 9.2, each Party shall be released from all obligations and liabilities under or in connection with this Agreement.

3. **Amendments to the Sale Agreement and the First Amending Agreement**

Effective as of the satisfaction of the condition in Section 54, the Parties hereby agree that all references to Direct Oil & Gas Ltd. in the Sale Agreement and First Amending Agreement are deleted and replaced with Direct Oil & Gas Inc.

4. **Conditions in the Sale Agreement**

The Purchaser acknowledges the satisfaction of the conditions set out in sections 3.2 and 3.3 of the Purchase Agreement.

5. **Condition to Effectiveness of the Amending Agreement**

The effectiveness of Sections 2 through 4 of this Amending Agreement shall be subject to the condition precedent in favour of the Vendor that the inspectors of the estate of Direct in bankruptcy shall have approved this Second Amending Agreement.

6. **Continuing Effect**

Each of the Parties acknowledges and agrees that the Sale Agreement, the First Amending Agreement and this Second Amending Agreement shall together all constitute the Sale Agreement, which is hereby ratified and confirmed, and the rights and obligations of the Parties thereunder shall not be affected or prejudiced in any manner except as specifically provided for herein.

7. **Severability**

If any term or other provision of this Second Amending Agreement is invalid, illegal or incapable of being enforced under any applicable law, such provision shall be ineffective only to the extent of such invalidity, illegality or unenforceability and all other conditions and provisions of this Amending Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby, taken as a whole, is not affected thereby in a materially adverse manner with respect to either party hereto.

8. **Conflict**

In the event of any conflict between this Second Amending Agreement and the Sale Agreement, this Amending Agreement shall prevail.

9. **Amendment or Waiver**

This Second Amending Agreement may be amended, modified, supplemented, restated or discharged (and the provisions hereof may be waived) only by one or more instruments in writing signed by the Party against whom enforcement of the amendment, modification, supplement, restatement, discharge or waiver is sought.

10. **Further Assurances**

The Parties shall take such further reasonable actions and shall execute, acknowledge and deliver all such further documents that are reasonably necessary or appropriate to consummate the transactions contemplated hereby.

11. **Governing Law**

This Second Amending Agreement shall in all respect be subject to and be interpreted, construed and enforced in accordance with the laws in effect in the Province of Alberta and the federal laws of Canada applicable therein. The Parties irrevocably attorn and submit to the jurisdiction of the courts of the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of this Agreement.

12. **Enurement**

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

13. **Counterpart Execution**

This Second Amending Agreement may be executed and delivered in counterpart and transmitted by facsimile or other electronic means and all such executed counterparts, including electronically transmitted.

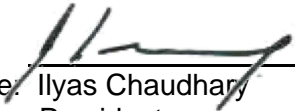
[Remainder of page intentionally left blank. Signature pages to follow.]

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 INC.**,
and not in its personal or corporate capacity

BLUE SKY RESOURCES LTD.

Per: _____
Name:
Title:

Per:  _____
Name: Ilyas Chaudhary
Title: President

Per: _____
Name:
Title:

Appendix C

PURCHASE AND SALE AGREEMENT

THIS AGREEMENT made as of the 18th day of March, 2021

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 **July 31, 2021** 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	\$ [REDACTED]
Tangibles	[REDACTED]
Miscellaneous Interests	[REDACTED]
Total	[REDACTED]

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.

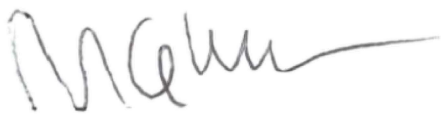
MNP LTD., solely in its capacity as the trustee in bankruptcy of **DIRECT OIL & GAS LTD.**, and not in its personal or corporate capacity

Per: 

Name: Victor P. Kroeger
Title: Senior Vice President

Per: _____
Name: _____
Title: _____

TALLAHASSEE EXPLORATION INC.

Per: 

Name Ghazanfar Zafar
Title President

SCHEDULE "A"

to the Purchase and Sale Agreement dated the day of, 2021 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

SCHEDULE "B"
to the Purchase and Sale Agreement dated the th day of _____, 2021 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.

FACILITIES

License Number	Facility Name	Subtype
F28623	BEC 12-29-094-25W5	Compressor Station
	WORMWOOD 12-29-094-25W5	Gas Multiwell Group Battery
	WORMWOOD 12-29-094-25W5	Gas Gathering System

SCHEDULE "C"
to the Purchase and Sale Agreement dated the _____th day of _____, 2021 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

59488	5
59488	6
15318	3
59488	2
59488	3
59488	4
59481	19
59481	16
59481	12
59481	10
59481	21
59481	17
59481	6
59481	13
59481	14
59481	5
59481	18
59481	15
59481	22
59481	2
59481	9
59481	4
59481	11
59481	1
59481	3

SCHEDULE "D"

to the Purchase and Sale Agreement dated the _____th day of _____, 2021 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	Well Name
0056802	100/06-16-094-25W5/0	WORMWOOD HOTCHKIS 6-16-94-25
0061871	100/06-20-094-25W5/0	WHITE RAM HOTCHKIS 6-20-94-25
0232371	100/05-32-094-25W5/0	WORMWOOD HOTCHKIS 5-32-94-25
0220758	100/01-33-094-25W5/0	WORMWOOD HOTCHKIS 1-33-94-25
0185356	100/02-34-094-25W5/0	WORMWOOD HOTCHKIS 2-34-94-25
0185358	100/04-36-094-25W5/0	WORMWOOD HOTCHKIS 4-36-94-25
0062581	100/11-13-095-25W5/0	WORMWOOD HOTCHKIS 11-13-95-25
0247664	100/04-14-095-25W5/0	WORMWOOD HOTCHKIS 4-14-95-25
0247562	100/08-15-095-25W5/0	WORMWOOD HOTCHKIS 8-15-95-25
0278288	100/05-24-095-25W5/0	WORMWOOD HOTCHKIS 5-24-95-25
0276931	100/10-26-095-25W5/0	WORMWOOD HOTCHKIS 10-26-95-25
0266433	100/04-35-095-25W5/0	WORMWOOD HOTCHKIS 4-35-95-25

SCHEDULE "E"

to the Purchase and Sale Agreement dated the _____th day of _____, 2021 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 _____, 2021.

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 _____ (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: _____

Per: _____

Name:
Title:

Name: Ghazanfar Zafar
Title: President

SCHEDULE "F"

to the Purchase and Sale Agreement dated the _____th day of _____, 2021 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 _____, 2021 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 _____, 2021.

[Name of Vendor/Purchaser]

Per: _____

Name: Ghazanfar Zafar

Title: President

SCHEDULE "G"
to the Purchase and Sale Agreement dated the _____th day of _____, 2021 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

Appendix D

PURCHASE AND SALE AGREEMENT

THIS AGREEMENT made as of the 5th day of May, 2021

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 -

2060547 ALBERTA LTD., 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 Pipelines; and
 - (ii) restore, remediate and reclaim the surface locations of the Pipelines, including such obligations relating to Pipelines which were abandoned or decommissioned prior to the Closing Date,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 transfer of possession, of the right, title and interest of Vendor and Direct and risks of the Assets from the Vendor to the Purchaser, the exchange of the General Conveyance and Specific Conveyances and payment of the Purchase Price by the Purchaser to the Vendor, and all other items and considerations required to be delivered on the Closing Date pursuant hereto;
- (i) "**Closing Date**" means 10:00 a.m. on the later of:
 - i. August 3, 2021; or
 - ii. the day that is seven (7) Business Days after receipt of the Court Order; or
 - iii. such other time and date as may be agreed upon in writing by the Parties;provided, however, that the Closing Date shall not 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 2.6;
- (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) **"Effective Date"** means the Closing Date;
- (s) **"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);
- (t) **"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;
- (u) **"General Conveyance"** means the form of general conveyance attached hereto as **Schedule "B"**;
- (v) **"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;
- (w) **"GST"** means the goods and services tax payable pursuant to the GST Legislation;
- (x) **"GST Legislation"** means Part IX of the *Excise Tax Act*, R.S.C. 1985, c. E-15, as amended, and the regulations promulgated thereunder;
- (y) **"Licences"** means permits, approvals, licences and authorizations granted by any applicable Governmental Authority in respect of any of the Licences;
- (z) **"Licence Transfers"** means the transfer of Licences;
- (aa) **"LMR"** means the liability management rating under Directive 006;
- (bb) **"Losses"** means all losses, costs, claims, damages, expenses and liabilities which a Person suffers, sustains, pays or incurs, including reasonable legal fees on a solicitor and his own client basis but notwithstanding the foregoing shall not include any liability for indirect or consequential damages including business loss, loss of profit, economic loss, punitive damages or income tax liabilities, but shall include any liability for indirect or consequential damages including business loss, loss of profit, economic loss, punitive damages or income tax liabilities suffered, sustained, paid or incurred by a Third Party entitled to recovery or indemnification from a Person;
- (cc) **"Miscellaneous Interests"** means any and all surface rights, contracts, agreements, records, books, documents, licences, reports, data and other property, assets, interests and rights pertaining to the Pipelines, or any of them, including specifically the pipeline license agreements referenced in **Schedule "A"**, but only to the extent that they pertain to the Pipelines, or any of them, excluding any of the foregoing that pertain to seismic,

geological or geophysical matters and further excluding any rights to explore for, drill for, produce, take, use, market, share in the production of, or share in the proceeds from or measured or calculated by reference to the value or quantity of, petroleum, natural gas or substances related thereto or produced in association therewith;

- (kk) "**Outside Date**" means October 31, 2021 or such other date as the Parties may agree;
- (dd) "**Party**" means a party to this Agreement, and "**Parties**" means both of them;
- (ee) "**Person**" means any individual, corporation, limited or unlimited liability company, joint venture, partnership (limited or general), trust, trustee, executor, Governmental Authority or other entity;
- (ff) "**Pipelines**" means the pipelines listed in **Schedule "A"**;
- (gg) "**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;
- (hh) "**Representative**" means, with respect to any Party, its Affiliates, and its and their respective directors, officers, servants, agents, advisors, employees and consultants;;
- (ii) "**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;
- (jj) "**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;
- (kk) "**this Agreement**", "**herein**", "**hereto**", "**hereof**" and similar expressions mean and refer to this Agreement;
- (ll) "**Transaction**" means the transaction for the purchase and sale of the Assets as contemplated by this Agreement; and
- (mm) "**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.

1.2 Headings

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

1.3 Interpretation Not Affected by Headings

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

1.4 Included Words

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

1.5 Schedules

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

Schedule "A"	-	Pipelines
Schedule "B"	-	General Conveyance
Schedule "C"	-	Form of Officer's Certificate
Schedule "D"	-	Form of Court Order

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

1.6 Damages

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

1.7 Derivatives

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

1.8 Interpretation if Closing Does Not Occur

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

1.9 Conflicts

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

1.10 Currency

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

**ARTICLE 2
PURCHASE AND SALE AND CLOSING**

2.1 Purchase and Sale

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 following:

- (a) the Pipelines; and
- (b) 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 applicable GST, which shall be paid to Vendor on Closing.

2.3 Allocation of Purchase Price

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

Tangibles (Pipelines)	\$ [REDACTED]
Miscellaneous Interests	\$ [REDACTED]
Total	[REDACTED]

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.

2.5 Satisfaction of Purchase Price

At Closing, the Purchase Price shall be paid and satisfied, along with any additional amounts owing in respect of applicable GST, by the Purchaser to the Vendor by electronic wire transfer.

2.6 Steps upon satisfaction of certain Conditions

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 "D"** (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.

2.7 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) 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.
- (d) 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.

2.8 Specific Conveyances

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.

2.9 Miscellaneous Interests

As soon as practicable following Closing, Vendor shall deliver to Purchaser such original copies of contracts, agreements, records, books, documents, licenses, reports and data comprising Miscellaneous Interests, 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.

2.10 Form of Payment

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

2.11 Taxes

- (a) GST

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

Vendor

79891 3489 RT0002

Purchaser 791448483 RT0001

(b) 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 AND CLOSING**

3.1 Required Consents

Both before and after Closing, each of the Parties shall use all reasonable efforts to obtain any and all approvals 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.

3.2 Mutual Conditions

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

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

Unless otherwise agreed to by the Parties, if the conditions contained in this section 3.2 have not been performed or satisfied on or before 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.

3.3 Purchaser's Conditions

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

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

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with, or waived by Purchaser, at or before the Closing Date, Purchaser may terminate this Agreement by written

notice to Vendor. If Purchaser terminates this Agreement, Vendor and Purchaser shall be released and discharged from all obligations hereunder except as provided in section 9.13.

3.4 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.

3.5 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 foregoing conditions precedent.

3.6 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 "B"**, duly executed by Vendor;
 - (ii) the Officer's Certificate substantially in the form attached as **Schedule "C"**, duly executed by Vendor;
 - (iii) a receipt for the Purchase Price as adjusted herein plus applicable GST;
 - (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 "B"**, duly executed by Purchaser;
 - (ii) the Officer's Certificate substantially in the form attached as **Schedule "C"**, duly executed by Purchaser;
 - (iii) the Purchase Price, plus applicable GST;
 - (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 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Vendor and Trustee

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

- (a) 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).

4.2 Representations and Warranties of Purchaser

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

- (a) Purchaser is an Alberta corporation duly organized, validly existing and is authorized to carry on business in the provinces in which the Assets 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 LMR of Purchaser equals or exceeds 1.0 and will not fall below 1.0 as a result of any AER license transfer application(s) to be submitted to the AER pursuant to this Agreement;
- (j) Purchaser has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of this Agreement or the transaction effected by it for which Vendor shall have any obligation or liability;
- (k) Purchaser is not a non-resident of Canada within the *Income Tax Act* (Canada); and
- (l) Purchaser is not a non-Canadian person for the purposes of the *Investment Canada Act* (Canada).

4.3 Limitation of Representations by Vendor

- (a) Notwithstanding anything to the contrary in this Agreement, Vendor expressly negates any representations or warranties except as expressly set forth in section 4.1, whether written or verbal, made by Vendor or its Representatives and in particular, without limiting the generality of the foregoing, Vendor disclaims all liability and responsibility for any such representation, warranty, statement or information made or communicated, whether verbal or in writing, to Purchaser or any of its Representatives. Vendor's interest in and to the Assets shall be purchased on a strictly "as is, where is" basis and there are no collateral agreements, conditions, representations or warranties of any nature whatsoever made by Vendor, express or implied, arising at law, by statute, in equity or otherwise, with respect to the Assets and in particular, without limiting the generality of the foregoing, there are no collateral agreements, conditions, representations or

warranties made by Vendor, express or implied, arising at law, by statute, in equity or otherwise with respect to:

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

4.4 Vendor's Indemnities for Representations and Warranties

Vendor shall be liable to Purchaser for and shall, in addition, indemnify Purchaser from and against, all Losses suffered, sustained, paid or incurred by Purchaser which would not have been suffered, sustained, paid or incurred had all of the representations and warranties contained in section 4.1 been accurate and truthful; provided, that nothing in this section 4.4 shall be construed so as to cause Vendor to be liable to or indemnify Purchaser in connection with any representation or warranty contained in section 4.1 if and to the extent that Purchaser did not rely upon such representation or warranty.

4.5 Purchaser's Indemnities for Representations and Warranties

Purchaser shall be liable to Vendor for and shall, in addition, indemnify Vendor from and against, all Losses suffered, sustained, paid or incurred by Vendor which would not have been suffered, sustained, paid or incurred had all of the representations and warranties contained in section 4.2 been accurate and truthful; provided, that nothing in this section 4.5 shall be construed so as to cause Purchaser to be liable to or indemnify Vendor in connection with any representation or warranty contained in section 4.2 if and to the extent that Vendor did not rely upon such representation or warranty.

4.6 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

4 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 4.6 and the limit on each Party's liability set out in this Section 4.6 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 5 INDEMNITIES

5.1 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.

5.2 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 Assets, 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 Pipelines.

5.3 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 6 ADJUSTMENTS

6.1 No Adjustments

Notwithstanding any other provision in this Agreement, there shall be no adjustments made between the Parties in respect of benefits and obligations of any kind and nature relating to the Assets, whether accruing, payable or paid and received or receivable.

ARTICLE 7 MAINTENANCE OF ASSETS

7.1 Consent of Purchaser

Notwithstanding section 6.1 and subject to Applicable Laws and directions of Governmental Authorities (including in relation to the bankruptcy proceedings of Direct and such proceedings themselves), Vendor shall not from the date hereof to the Closing Date, without the written consent of Purchaser, which consent shall not be unreasonably withheld by Purchaser and which, if provided, shall be provided in a timely manner:

- (a) surrender, disclaim, abandon, dispose of, release, divest itself of or renounce any of the Assets; or
- (b) sell, encumber or otherwise dispose of any of the Assets or any part or portion thereof.

7.2 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.

7.3 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.

ARTICLE 8 COVENANTS

8.1 Court Filings

- (a) From and after the date of execution of this Agreement and until the Closing Date, the Vendor shall use commercially reasonable efforts to deliver to the Purchaser copies of all pleadings, motions, notices, statements, schedules, applications, reports and other papers that relate, in whole or in part, to this Agreement, or to the Purchaser or its Representatives, that are to be filed by the Vendor in connection with the Court 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.
- (b) The Vendor shall act reasonably and in good faith in considering any comments provided by the Purchaser to such papers; *provided, however* that, subject in each case to the foregoing good faith obligations of the Vendor, the Vendor shall have no obligation to accept and incorporate the Purchaser's comments to such papers and neither the Vendor's inadvertent failure to comply with this Section 8.1, nor the Vendor's failure to comply with this Section 8.1 due to emergency circumstances, shall constitute a breach under this Agreement.

8.2 Conduct of Business Until Closing

- (a) Except: (A) as expressly provided in this Agreement; (B) with the prior written consent of the Purchaser (not to be unreasonably withheld, conditioned or delayed); (C) as necessary or advisable in connection with the 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, and the directions of Governmental Authorities;
 - (ii) not sell, pledge, assign, lease, license, or cause, permit, or suffer the imposition of any encumbrance 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) Until the Closing Date, the Vendor shall provide the Purchaser with all access to the Assets 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 8.2 will be subject to all of the Vendor's and 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 8.2.

8.3 Vendor to Provide Access

Prior to Closing, Vendor shall, subject to all contractual and fiduciary obligations, 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.

8.4 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 which are then in the possession or control of Purchaser and to make copies thereof, as Vendor may reasonably require, including for purposes relating to:

- (a) 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);
- (b) enforcing its rights under this Agreement;
- (c) compliance with Applicable Law; or
- (d) any claim commenced or threatened by any Third Party against Direct or Vendor.

8.5 Maintenance of Information

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

ARTICLE 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 August 12, 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 - 2060547 Alberta Ltd.
Suite 501, 304 - 8th Avenue SW
Calgary, AB T2P 1C2

Attention: Shaun Wyzykoski
Email: swyzykoski@firsthelium.com

With a copy to:

DLA Piper (Canada) LLP
1000, 250 - 2nd Street SW
Calgary, Ab T2P 0C1

Attention: Patrick Burgess
Email: pat.burgess@ca.dlapiper.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.

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

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.

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

2060547 ALBERTA LTD.

DocuSigned by:
Victor Kroeger
D93ED622E3A948E
Per: _____
Name: Victor Kroeger
Title: Senior Vice President

DocuSigned by:
Ed Bereznicki
8C7E712FACCE4D2
Per: _____
Name: Ed Bereznicki
Title: CEO

Per: _____
Name:
Title:

THIS PAGE COMPRISES SCHEDULE "A" attached to and forming part of a Purchase and Sale Agreement dated the 5th day of May, 2021 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 2060547 ALBERTA LTD.

Pipelines

Alberta Pipeline Licence No.	Line No	Licence Date	From Location	To Location	Length (kms)
14376	1	May 30, 2010	12-30-87-3W6 PL	9-25-87-4W6 PL	0.24
14376	3	March 20, 2001	9-25-87-4W6 PL	8-25-87-4W6 PL	0.13
14376	5	March 20, 2001	8-25-87-4W6 PL	7-25-87-4W6 PL	0.24
14376	7	March 20, 2001	7-25-87-4W6 PL	4-27-87-4W6 PL	4.14
14376	8	March 20, 2001	3-26-87-4W6 WE	3-26-87-4W6 PL	0.03
14376	10	March 20, 2001	4-27-87-4W6 PL	2-28-87-4W6 PL	1.16
14376	12	March 20, 2001	2-28-87-4W6 PL	12-20-87-4W6 PL	2.43
14376	14	March 20, 2001	12-20-87-4W6 PL	10-19-87-4W6 PL	0.61
14376	15	March 20, 2001	10-19-87-4W6 PL	11-19-87-4W6 PL	0.45
14376	16	June 7, 2000	10-22-87-4W6 WE	2-27-87-4W6 PL	0.89
59484	1	May 31, 2010	3-3-87-3W6 B	12-30-87-3W6 PL	2.52
59484	2	May 21, 1998	3-32-87-3W5 WE	3-32-87-3W6 CS	0.45

Pipeline License Agreements

- PLA 780006
- PLA 880213
- PLA 981877

THE FOLLOWING COMPRISES SCHEDULE "B" attached to and forming part of a Purchase and Sale Agreement dated the 5th day of May, 2021 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 2060547 ALBERTA LTD.

GENERAL CONVEYANCE

THIS GENERAL CONVEYANCE made as of this _____ day of _____, 2021.

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 -

2060547 ALBERTA LTD., a corporation incorporated under the laws of the Province of Alberta (the **"Purchaser"**)

WHEREAS pursuant to a purchase and sale agreement dated May 5, 2021 (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

2060547 ALBERTA LTD.

Per: _____
Name:
Title:

Per: _____
Name: Ed Bereznicki
Title: CEO

THE FOLLOWING COMPRISES SCHEDULE "C" attached to and forming part of a Purchase and Sale Agreement dated the 5th day of May, 2021 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 2060547 ALBERTA LTD.

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

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

RE: **Purchase and Sale Agreement dated May 5, 2021 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 _____, 2021.

[Name of Vendor/Purchaser]

Per: _____

Name: _____

Title: _____

THE FOLLOWING COMPRISES SCHEDULE "D" attached to and forming part of a Purchase and Sale Agreement dated the 5th day of May, 2021 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 2060547 ALBERTA LTD.

COURT ORDER

Appendix E

Direct Oil & Gas Inc. - In Bankruptcy
Wells to be Disclaimed

Eureka Well List

UWI	Location	Isd	sec	tpw	rge	mer	Status	Formation	Licensee	Direct WI%		
0215904	100/04-29-087-03W6/0	100	04	29	087	03	6	0	Water Disposal	Leduc	Direct Oil	100%
0205134	102/03-32-087-03W6/2	102	03	32	087	03	6	2	Gas	Gething	Direct Oil	100%

Vista Well List

UWI	Location	Isd	sec	tpw	rge	mer	Status	Formation	Licensee	Direct WI%		
0277721	100/08-17-095-23W5/0	100	08	17	095	23	5	0	Suspended Gas	Bluesky	Direct Oil	100%
0249884	100/08-36-095-24W5/0	100	08	36	095	24	5	0	Suspended Gas	Banff	Direct Oil	100%
0266776	100/09-03-096-24W5/0	100	09	03	096	24	5	0	Suspended Gas	Banff	Direct Oil	100%
0267354	100/03-16-096-24W5/0	100	03	16	096	24	5	0	Suspended Gas	Banff	Direct Oil	100%
0266175	100/11-19-096-24W5/0	100	11	19	096	24	5	0	Suspended Gas	Banff	Direct Oil	100%
0265815	100/16-02-097-25W5/0	100	16	02	097	25	5	0	Suspended Gas	Banff	Direct Oil	100%
0278091	100/16-03-097-25W5/0	100	16	03	097	25	5	0	Suspended Gas	Banff	Direct Oil	100%
0266165	100/14-11-097-25W5/0	100	14	11	097	25	5	0	Suspended Gas	Banff	Direct Oil	100%
0263740	100/16-10-096-01W6/0	100	16	10	096	01	6	0	Water Disposal	Wabamun	Direct Oil	100%
0278081	100/14-11-096-01W6/0	100	14	11	096	01	6	0	Suspended Gas	Shunda	Direct Oil	100%
0251450	100/05-21-096-01W6/0	100	05	21	096	01	6	0	Suspended Gas	Shunda	Direct Oil	100%
0277930	100/08-24-097-01W6/2	100	08	24	097	01	6	2	Suspended Gas	Bluesky	Direct Oil	100%

Hotchkiss Well List

UWI	Location	Isd	sec	tpw	rge	mer	Status	Formation	Licensee	Direct WI%		
0185702	100/16-17-094-25W5/0	100	16	17	094	25	5	0	Gas	Shunda	Direct Oil	100%
0072660	100/06-21-094-25W5/2	100	06	21	094	25	5	2	Suspended Gas	Gething	Direct Oil	100%
0073821	100/06-03-095-25W5/0	100	06	03	095	25	5	0	Gas	Shunda	Direct Oil	48.75%
0276951	100/11-11-095-25W5/0	100	11	11	095	25	5	0	Suspended Gas	Gething	Direct Oil	100%
0232775	100/02-22-095-25W5/0	100	02	22	095	25	5	0	Gas	Shunda	Direct Oil	100%
0276932	100/16-23-095-25W5/0	100	16	23	095	25	5	0	Gas	Shunda	Direct Oil	100%
0156403	100/05-05-094-01W6/0	100	05	05	094	01	6	0	Suspended Gas	Debolt	Enercapita	14.38%
0158359	100/12-08-094-01W6/0	100	12	08	094	01	6	0	Suspended Gas	Debolt	Enercapita	APEN16.57%
0048080	100/11-17-094-01W6/0	100	11	17	094	01	6	0	Suspended Gas	Elkton	Enercapita	21.56%
0065042	100/06-32-094-01W6/0	100	06	32	094	01	6	0	Suspended Gas	Elkton	Enercapita	25.43%
0061959	100/07-33-094-01W6/0	100	07	33	094	01	6	0	Suspended Gas	Elkton	Enercapita	28.75%
0051471	100/07-34-094-02W6/0	100	07	34	094	02	6	0	Suspended Wtr Disp	Elkton	CNRL	21.56%
0048523	100/07-03-095-02W6/0	100	07	03	095	02	6	0	Suspended Gas	Elkton	Enercapita	27.09%
0064512	100/07-10-095-02W6/0	100	07	10	095	02	6	0	Suspended Gas	Elkton	Enercapita	25.43%

Lovet Well List

UWI	Location	Isd	sec	tpw	rge	mer	Status	Formation	Licensee	Direct WI%		
0066294	100/10-18-094-02W6/2	100	10	18	094	02	6	2	Water Disposal	Debolt	Direct Oil	100%
0067745	100/06-20-094-02W6/0	100	06	20	094	02	6	0	Suspended Gas	Debolt	Direct Oil	100%
0061312	102/07-13-094-03W6/0	102	07	13	094	03	6	0	Water Disposal	Debolt	Direct Oil	100%
0203894	100/05-29-094-03W6/2	100	05	29	094	03	6	2	Suspended Gas	Spirit River	Direct Oil	100%
0074058	100/07-35-094-03W6/0	100	07	35	094	03	6	0	Suspended Gas	Debolt	Direct Oil	100%
0231030	100/03-02-095-03W6/0	100	03	02	095	03	6	0	Suspended Gas	Debolt	Direct Oil	100%
0190823	100/09-31-095-03W6/0	100	09	31	095	03	6	0	Suspended Gas	Debolt	Direct Oil	100%
0280832	100/03-32-095-03W6/0	100	03	32	095	03	6	0	Suspended Gas	Debolt	Direct Oil	100%
0212354	100/06-06-096-03W6/0	100	06	06	096	03	6	0	Suspended Gas	Debolt	Direct Oil	100%

Chinchaga Well List

UWI	Location	Isd	sec	tpw	rge	mer	Status	Formation	Licensee	Direct WI%		
0384735	100/13-16-096-09W6/0	100	13	16	096	09	6	0	Gas	Gething	Direct Oil	100%
0372969	100/07-21-096-09W6/2	100	07	21	096	09	6	2	Gas	Gething	Direct Oil	100%
0348860	100/04-30-096-09W6/0	100	04	30	096	09	6	0	Gas	Bluesky	Direct Oil	56.32%B, 45%A
0374480	100/12-10-096-10W6/0	100	12	10	096	10	6	0	Suspended Gas	Mntn,Blsk	Direct Oil	100%
0406920	100/16-12-096-10W6/2	100	16	12	096	10	6	2	Gas	Bluesky	Direct Oil	100%
0392549	100/07-23-096-10W6/0	100	07	23	096	10	6	0	Gas	Bluesky	Direct Oil	100%
0349267	100/04-24-096-10W6/0	100	04	24	096	10	6	0	Gas	Bluesky	Direct Oil	100%B, 45%A
0369789	100/16-24-096-10W6/0	100	16	24	096	10	6	0	Suspended Gas	Bluesky	Direct Oil	100%

Appendix F

Direct Oil & Gas Inc. - In Bankruptcy

Facilities to be Disclaimed

License No	Location	Facility	Operator	Area	WI
F17234	03-32-087-03W6M	Battery	Direct Oil	Eureka	100%
F17235	03-32-087-03W6M	Battery	Direct Oil	Eureka	100%
F17263	11-22-087-07W6M	Amine Skid	Direct Oil	Worsley	54.853%
F17264	11-22-087-07W6M	Gas Plant	Direct Oil	Worsley	100%
F17606	10-18-094-02W6M	Injection Plant	Direct Oil	Lovet	100%
F17610	07-13-094-03W6M	Gas Plant	Direct Oil	Lovet	100%
F17611	07-13-094-03W6M	Injection Plant	Direct Oil	Lovet	100%
F26563	15-10-096-01W6M	Gas Plant	Direct Oil	Vista	100%
F38618	08-25-096-10W6M	Gas Plant	Direct Oil	Chinchaga	100%
F41036	15-10-096-01W6M	Injection Plant	Direct Oil	Vista	100%
F43554	11-22-087-07W6M	Battery	Direct Oil	Worsley	100%
F23625	10-34-093-01W6M	Battery	Surge	Hotchkiss	6.6667%

Appendix G

Direct Oil & Gas Inc. - In Bankruptcy
Pipeline Segments to be Disclaimed

License #	Line #	From Location	To Location
A25987	1	14-34-087-06W6	07-21-087-06W6
A28146	1	15-12-096-12W6	15-12-096-12W6
A31906	1	03-32-087-03W6	04-29-087-03W6
A37754	1	15-10-096-01W6	07-03-096-02W6
A39898	1	03-32-095-03W6	16-30-095-03W6
A44410	1	06-03-097-11W6	15-04-097-11W6
A44410	2	15-04-097-11W6	04-09-097-11W6
A50061	1	08-25-096-10W6	10-25-096-10W6
A52304	1	03-32-087-03W6	03-32-087-03W6
A59481	7	11-29-094-25W5	12-29-094-25W5
A59481	8	12-29-094-25W5	11-29-094-25W5
A59481	20	10-26-095-25W5	10-26-095-25W5
A59482	1	01-19-094-02W6	10-18-094-02W6
A59482	2	10-18-094-02W6	07-13-094-03W6
A59482	3	05-29-094-03W6	15-30-094-03W6
A59482	4	07-33-094-03W6	05-35-094-03W6
A59482	5	10-06-096-03W6	03-20-095-03W6
A59482	6	06-29-095-03W6	13-20-095-03W6
A59482	7	16-30-095-03W6	16-30-095-03W6
A59482	8	03-02-095-03W6	05-35-094-03W6
A59482	9	03-20-095-03W6	13-03-095-03W6
A59482	10	13-03-095-03W6	12-03-095-03W6
A59482	11	12-03-095-03W6	07-33-094-03W6
A59482	12	05-35-094-03W6	07-35-094-03W6
A59482	13	05-35-094-03W6	07-35-094-03W6
A59482	14	07-35-094-03W6	07-13-094-03W6
A59482	15	07-35-094-03W6	07-13-094-03W6
A59482	16	06-20-094-02W6	16-18-094-02W6
A59483	6	07-20-087-05W6	11-20-087-05W6
A59486	1	15-30-094-03W6	07-33-094-03W6
A59488	1	04-36-094-25W5	04-36-094-25W5
A59488	7	16-17-094-25W5	06-20-094-25W5
A59492	1	15-10-096-01W6	07-03-096-02W6
A59492	2	09-17-096-24W5	14-14-096-25W5
A59492	3	14-14-096-25W5	15-10-096-01W6
A59492	4	14-11-097-25W5	06-01-097-25W5
A59492	5	06-01-097-25W5	09-17-096-24W5
A59492	6	02-31-096-24W5	15-30-096-24W5
A59492	7	11-19-096-24W5	03-29-096-24W5
A59492	8	07-36-095-24W5	09-17-096-24W5
A59492	9	09-03-096-24W5	03-11-096-24W5
A59492	10	08-36-095-24W5	07-36-095-24W5
A59492	11	03-16-096-24W5	06-16-096-24W5
A59492	12	08-24-097-01W6	06-01-097-25W5

A59492	13	08-17-095-23W5	07-30-095-23W5
A59492	14	07-30-095-23W5	07-36-095-24W5
A59492	15	14-11-096-01W6	15-10-096-01W6
A59492	16	05-21-096-01W6	15-10-096-01W6
A59492	17	11-20-096-01W6	05-21-096-01W6
A59492	18	16-03-097-25W5	02-11-097-25W5
A59492	19	12-36-096-25W5	16-36-096-25W5
A59493	1	04-30-096-09W6	02-25-096-10W6
A59493	2	05-29-096-09W6	04-30-096-09W6
A59493	3	05-22-096-10W6	04-24-096-10W6
A59493	4	07-21-096-09W6	05-29-096-09W6
A59493	5	12-10-096-10W6	13-15-096-10W6
A59493	6	13-15-096-10W6	05-22-096-10W6
A59493	7	13-16-096-09W6	09-20-096-09W6
A59493	8	14-13-096-10W6	03-24-096-10W6
A59493	9	07-23-096-10W6	07-23-096-10W6
A59493	10	09-13-096-10W6	14-13-096-10W6
A59493	11	16-12-096-10W6	09-13-096-10W6
A59493	12	04-24-096-10W6	02-25-096-10W6