

COURT FILE NUMBER    **Q.B. No. 733 of 2021**  
COURT OF QUEEN'S BENCH FOR SASKATCHEWAN  
JUDICIAL CENTRE        **SASKATOON**  
APPLICANT                **ABBEY RESOURCES CORP.**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
RSC 1985, c C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF ABBEY RESOURCES CORP.**

**AFFIDAVIT OF SCOTT WEAVER**

I, Scott Weaver, of the City of Regina, in the Province of Saskatchewan, MAKE OATH  
AND SAY AS FOLLOWS:

1. I am the Director of Regulatory Affairs for the Energy Regulation Division of the ministry of Energy and Resources (the "Ministry"). I have reviewed the Ministry's records and files in relation to this matter. As such, I have personal knowledge of the matters and facts deposed to herein, except where stated to be on information and belief and whereso stated, I verily believe the same to be true.
2. I have also reviewed the Affidavit of James Gettis, sworn July 13, 2021 and to the extent he refers to the Applicant's involvement with the Ministry, I make this affidavit in reply to those statements.
3. The Ministry is responsible for regulating the oil and gas sector in the Province of Saskatchewan. Included in those responsibilities is ensuring that well site operators maintain the requisite security deposits, pay levies and meet other financial benchmarks necessary to reclaim and decommission wells when they are no longer in operation.
4. As indicated in paragraphs 15 to 17 of Mr. Gattis' affidavit, the Applicant owns and operates over 2,000 wells in the Province of Saskatchewan. In accordance with the

terms of *The Oil and Gas Conservation Act*, and the accompanying regulations, the Applicant is required to make certain administrative levy payments to the Ministry as a result.

5. In addition to the administrative levy payments, the Applicant is also required to make payments to the Ministry for the following:
  - (a) Mineral lease rentals;
  - (b) Oil and Gas royalties;
  - (c) Integrated Resource Information System non-compliance fines; and
  - (d) Orphan Levy payments – These payments are payments that are payable by each and every well operator in Saskatchewan to offset a portion of the costs to carry out abandonment and reclamation work to close down wells that are no longer in operation.
  
6. Presently, the Applicant is in arrears to the Ministry in the amount of \$3,175,491.70. The arrears can be broken down as follows:
  - (a) Administrative Levy – \$998,635.92;
  - (b) Orphan Levy - \$355,509.26;
  - (c) Oil and Gas Royalties – Credit of \$3,914.91;
  - (d) Integrated Resource Information System non-compliance fines - \$126,200; and
  - (e) Mineral lease payments - \$1,698,061.43.

Attached and marked hereto as **Exhibit “A”** is a copy of a spreadsheet confirming the arrears.

7. The aforementioned amounts do not include additional security that the Ministry will likely be seeking from the Applicant in respect of decommissioning costs. As

indicated at paragraph 62 and Exhibit F of Mr. Gettis' affidavit, the Ministry requires an additional \$6,046,330 from the Applicant in respect of security for decommissioning costs given the Applicant's precarious financial position. No formal demand for payment by the Ministry has been made at the present time.

8. The request for additional security is made on the assumption that the Ministry will likely be required to cover the cost of decommissioning the wells currently operated by the Applicant. At present, the Ministry estimates that the cost of decommissioning will be between \$50,000,000 and \$60,000,000.
9. Based on observations in the oil and gas industry recently, the Ministry notes that industry interest in purchasing the types of wells operated by the Applicant is dwindling. The Ministry suspects that the likelihood of the Applicant being able to sell its assets for a substantial profit are limited and as such, the Ministry anticipates it will be responsible for the majority of the decommissioning costs.
10. I note that in reviewing Mr. Gettis' affidavit, he states at paragraph 61 that the Ministry has demanded \$550,000 for administrative levies. While this is technically true, Mr. Gettis fails to mention that the total amount demanded by the Ministry was \$1,354,145.18. The \$550,000 demanded was only a demand for a partial payment, with the remainder payable by May 13, 2022. The deferral of the remainder of the levy was offered to assist the Applicant. However, the entire levy was due and owing as of May 13, 2021. At present, none of the \$1,354,145.18 has been paid.
11. The amount owing to the Ministry is significant. The Ministry is concerned that the Applicant's only assets are depleting assets. Every day that the Applicant carries on business and drills natural gas is a day in which the value of the Applicant's assets decreases. The Ministry is concerned that if this matter continues to be prolonged, there will be no funds remaining for the Applicant to satisfy its levy and decommissioning costs.

12. I can advise that the Ministry is opposed to this application. Given the amount of the debt owing to the Ministry and nature of the Ministry's claim, it is its position that it will its own class of creditor and will be opposing any plan under the *Companies' Creditors Arrangement Act* that does not see the Ministry paid in full.
13. In the alternative, should the Ministry be included in the class with the Rural Municipalities, the amount owing to the Ministry vastly outweighs the amount owing to the Rural Municipalities. The Ministry would, as part of the class, again be opposed to any plan under the *Companies' Creditors Arrangement Act* that does not see the Ministry paid in full.
14. I do not make these comments to indicate that the Ministry is unwilling to work with the Applicant or make compromises. However, pursuant to the Ministry's obligations under *The Oil and Gas Conservation Act* and the accompanying regulations, it is not able to negotiate or compromise on the majority of the debts referred to in paragraph 6 herein.
15. The Applicant recently provided the Ministry with some additional financial disclosure in respect to this application. While the disclosure raises significant concerns for the Ministry, some of the largest concerns are as follows:
  - (a) There is presently a debenture granted by the Applicant in favour of Twin Eagle Resource Management Canada LLC for pre-paid gas contracts. The debenture, after two amendments, was for \$5,550,000 to secure the pre-paid gas.

According to the July 31, 2020 financial statement for the Applicant, there is \$545,526 still owing on the debenture. However, the financial statements incorrectly state the debenture was for \$3,750,000 so it is unclear how accurate the financial statements are in respect of the debt still owing. Attached and marked hereto as **Exhibit "B"** is a copy of the debenture agreement, attached and marked hereto as **Exhibit "C"** is a copy of the initial gas contract between the Applicant and Twin Eagle Resource Management

Canada LLC and attached and marked as **Exhibit "D"** is a copy of the Financial Statement for the Applicant from July 31, 2020 (the "**Financial Statement**").

- (b) The Applicant continues to make non-arm's length payments to related companies for consulting fees. Based on the Financial Statements, it appears that these payments are approximately \$26,058.22 per month. There are minimal details regarding what the consulting services provided in consideration for the funds are. Furthermore, the Ministry is quite concerned that the Applicant is putting related party's interests over the Applicant's environmental obligations.

It would appear that these consulting payments are related to a Consulting Agreement between Bluestone Resources Inc. ("**Bluestone**") and the Applicant dated August 1, 2010. Bluestone is related entity, of which Mr. Gettis is the President and one of two directors. Attached and marked hereto as **Exhibit "E"** is a copy of the corporate profile report for Bluestone and attached and marked hereto as **Exhibit "F"** is a copy of the consulting agreement.

Notably, the definition of the services to be provided by Bluestone are vague and broadly defined, such that the actual extent of the work required is not clear. Additionally, while Mr. Gettis and Bluestone are to receive a wage of \$175.00 per hour, there is no cap on fees per month, nor is there a fixed time target for work to be done. As the consulting agreement is automatically renewable, it is assumed the consulting agreement is still in force and effect.

- (c) The Applicant recently sold \$5,000,000 worth of assets to a related party, Optimum Petroleum Services Inc. ("**OPSI**"). Attached and marked hereto as **Exhibit "G"** is a copy of the corporate profile report for OPSI confirming Mr. Gettis is a director of the same.

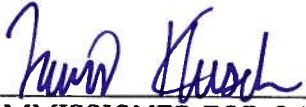
While it is alleged that the sale was done for tax purposes, the Ministry notes that this was a significant sale to a non-arm's length party in the face of insolvency. It would appear that a transaction of this nature was done, at least in part, to defeat the Applicant's creditors. I do note that the Applicant has indicated that the sale agreement, to the extent possible, has been put on hold such that the majority of the assets will not change hands. Attached and marked hereto as **Exhibit "H"** is a copy of the purchase and sale agreement between the Applicant and OPSI.

Furthermore, it is the Ministry's understanding that no funds were actually going to be paid from OPSI to the Applicant for the assets. Based on the Rights of Use Agreement between the Applicant and OPSI, the Applicant would notionally pay rent for the use of the assets going forward, which would be set off against the purchase price of the assets. Attached and marked hereto as **Exhibit "I"** is a copy of the Rights of Use Agreement between the parties confirming the same.

- (d) The Applicant has also listed some assets, which it deems surplus assets, for sale with Fuelled Appraisals. It is not clear as to if any of these assets have already been sold, if there are offers to purchase or how the sale is progressing. The Ministry notes that several valuations are offered for the assets, and given the discrepancy in the values, this would have a significant impact on creditor recovery. To date, little details have been provided regarding the sale. Attached and marked hereto as **Exhibit "J"** is a copy of the asset listing and appraisal.

16. I make this affidavit to provide information to the Court and for no improper purpose.

SWORN BEFORE ME VIA ELECTRONIC )  
MEANS at Saskatoon, Saskatchewan, )  
this 26<sup>th</sup> day of July, )  
2021. )

  
\_\_\_\_\_  
A COMMISSIONER FOR OATHS  
For Saskatchewan.  
Being a Solicitor

  
\_\_\_\_\_  
SCOTT WEAVER

**CONTACT INFO AND ADDRESS FOR SERVICE:**

**ROBERTSON STROMBERG LLP**  
Barristers & Solicitors  
Suite 600, 105 – 21<sup>st</sup> Street East  
Saskatoon, SK S7K 0B3

Lawyer in Charge of file: M. Kim Anderson Q.C./Travis K. Kusch  
Direct Line: (306) 933-1344  
Facsimile: (306) 652-2445  
E-Mail: [mk.anderson@rslaw.com](mailto:mk.anderson@rslaw.com)/[t.kusch@rslaw.com](mailto:t.kusch@rslaw.com)

This is Exhibit "A" referred to in the Affidavit of  
Scott Weaver

Sworn before me this 26 day of  
July, 2021.

David Kusch

A Commissioner for Oaths for Saskatchewan

My Commission expires. \_\_\_\_\_

OR Being a Solicitor



**ABBEY RESOURCES CORP. (35547)**

Number	Original	Outstanding Finance Charges	Balance Due	Due Date	Class	Status
36831	(10,000.00)		0.00	23-Aug-16	Payment	Closed
A100467	(56.65)		0.00	23-Oct-16	Payment	Closed
39030	(220.00)		0.00	21-Nov-16	Payment	Closed
A100478	(56.65)		0.00	21-Nov-16	Payment	Closed
39054	(9,907.00)		0.00	22-Nov-16	Payment	Closed
39580	(5,782.00)		0.00	19-Dec-16	Payment	Closed
40332	(5,852.00)		0.00	24-Jan-17	Payment	Closed
41216	(3,749.00)		0.00	27-Feb-17	Payment	Closed
41767	(4,764.98)		0.00	17-Mar-17	Payment	Closed
A100815	(552,737.78)		0.00	27-Apr-17	Payment	Closed
42490	(3,496.00)		0.00	28-Apr-17	Payment	Closed
43203	(4,457.00)		0.00	24-May-17	Payment	Closed
43913	(13,246.14)		0.00	9-Jun-17	Payment	Closed
44354	(5,838.00)		0.00	16-Jun-17	Payment	Closed
45668	(19,309.00)		0.00	20-Jul-17	Payment	Closed
R120831	(1,067.00)		0.00	15-Aug-17	Payment	Closed
R121112	(4,487.00)		0.00	15-Sep-17	Payment	Closed
R121387	(5,673.00)		0.00	13-Oct-17	Payment	Closed
A100921	(56.65)		0.00	22-Oct-17	Payment	Closed
W100531	(289,080.00)		0.00	29-Oct-17	Payment	Closed
R121661	(845.00)		0.00	15-Nov-17	Payment	Closed
A100933	(56.65)		0.00	21-Nov-17	Payment	Closed
R121945	(877.00)		0.00	15-Dec-17	Payment	Closed
R122213	(3,384.00)		0.00	15-Jan-18	Payment	Closed
R122484	(3,950.00)		0.00	15-Feb-18	Payment	Closed
R122756	(2,875.00)		0.00	15-Mar-18	Payment	Closed
R123018	(1,217.00)		0.00	13-Apr-18	Payment	Closed
R123286	(1,413.00)		0.00	15-May-18	Payment	Closed
51240	(92,405.15)		0.00	28-May-18	Payment	Closed
R123548	(769.00)		0.00	15-Jun-18	Payment	Closed
51241	(92,405.15)		0.00	27-Jun-18	Payment	Closed
R123811	(249.00)		0.00	13-Jul-18	Payment	Closed
51242	(92,405.15)		0.00	27-Jul-18	Payment	Closed
R124072	(464.00)		0.00	15-Aug-18	Payment	Closed
51243	(92,405.15)		0.00	27-Aug-18	Payment	Closed
R124343	(1,360.00)		0.00	14-Sep-18	Payment	Closed
51244	(92,405.15)		0.00	27-Sep-18	Payment	Closed
R124606	(855.00)		0.00	15-Oct-18	Payment	Closed
51245	(92,405.15)		0.00	29-Oct-18	Payment	Closed
R124865	(697.00)		0.00	15-Nov-18	Payment	Closed
R125126	(1,105.00)		0.00	14-Dec-18	Payment	Closed
A101374	(56.65)		0.00	21-Dec-18	Payment	Closed
R125380	(2,114.00)		0.00	15-Jan-19	Payment	Closed
R125627	(2,970.00)		0.00	15-Feb-19	Payment	Closed
R125871	(1,633.00)		0.00	15-Mar-19	Payment	Closed

R126126	(1,060.00)		0.00	15-Apr-19 Payment	Closed
R126383	(1,729.00)		0.00	15-May-19 Payment	Closed
55748	(2,003.14)		0.00	29-May-19 Payment	Closed
R126629	(671.00)		0.00	14-Jun-19 Payment	Closed
R126880	(1,072.00)		0.00	15-Jul-19 Payment	Closed
R127127	(347.00)		0.00	15-Aug-19 Payment	Closed
WM100185	(1,782.00)		0.00	5-Sep-19 Payment	Closed
R127369	(464.00)		0.00	13-Sep-19 Payment	Closed
R127615	(452.00)		0.00	15-Oct-19 Payment	Closed
R127859	(287.00)		0.00	15-Nov-19 Payment	Closed
R128108	(1,633.00)		0.00	13-Dec-19 Payment	Closed
R128355	(2,926.00)		0.00	15-Jan-20 Payment	Closed
R128604	(2,580.00)		0.00	14-Feb-20 Payment	Closed
R128851	(1,546.00)		0.00	13-Mar-20 Payment	Closed
R129093	(1,357.00)		0.00	15-Apr-20 Payment	Closed
R129327	(1,316.00)		0.00	15-May-20 Payment	Closed
R129548	(1,162.00)		0.00	15-Jun-20 Payment	Closed
R129746	(1,683.00)		0.00	15-Jul-20 Payment	Closed
R129946	(1,471.00)		0.00	14-Aug-20 Payment	Closed
R130161	(1,873.00)		0.00	15-Sep-20 Payment	Closed
61427	(56.65)		0.00	1-Oct-20 Payment	Closed
R130379	(2,140.00)		0.00	15-Oct-20 Payment	Closed
R130601	(2,175.00)		0.00	13-Nov-20 Payment	Closed
R130827	(2,217.00)		0.00	15-Dec-20 Payment	Closed
R131048	(2,039.00)		0.00	15-Jan-21 Payment	Closed
R131270	(1,957.00)		0.00	12-Feb-21 Payment	Closed
R131491	(1,477.00)		0.00	15-Mar-21 Payment	Closed
R131724	(6,459.00)		0.00	15-Apr-21 Payment	Closed
R132222	(1,743.00)		0.00	15-Jun-21 Payment	Closed
R132472	(2,263.00)		0.00	15-Jul-21 Payment	Closed
<hr/>					
036831-ORPH	10,000.00		0.00	23-Aug-16 Invoice	Closed
R117994	5,079.00	30.93	0.00	14-Oct-16 Invoice	Closed
A100467	56.65		0.00	23-Oct-16 Invoice	Closed
R118281	4,828.00		0.00	15-Nov-16 Invoice	Closed
A100478	56.65		0.00	21-Nov-16 Invoice	Closed
G100251	220.00		0.00	1-Dec-16 Invoice	Closed
R118567	5,782.00		0.00	15-Dec-16 Invoice	Closed
R118839	5,852.00	10.05	0.00	13-Jan-17 Invoice	Closed
R119126	3,749.00		0.00	15-Feb-17 Invoice	Closed
R119401	4,724.00		0.00	15-Mar-17 Invoice	Closed
R119691	3,496.00		0.00	13-Apr-17 Invoice	Closed
A100815	552,737.78		0.00	27-Apr-17 Invoice	Closed
R119971	4,457.00		0.00	15-May-17 Invoice	Closed
Y3432	13,246.14		0.00	31-May-17 Invoice	Closed
R120254	5,838.00		0.00	15-Jun-17 Invoice	Closed
R120534	19,309.00	18.09	18.09	14-Jul-17 Invoice	Open
R120831	1,067.00		0.00	15-Aug-17 Invoice	Closed
R121112	4,487.00		0.00	15-Sep-17 Invoice	Closed
R121387	5,673.00		0.00	13-Oct-17 Invoice	Closed
A100921	56.65		0.00	22-Oct-17 Invoice	Closed
W100531	289,080.00		0.00	29-Oct-17 Invoice	Closed

R121661	845.00		0.00	15-Nov-17 Invoice	Closed
A100933	56.65		0.00	21-Nov-17 Invoice	Closed
R121945	877.00		0.00	15-Dec-17 Invoice	Closed
R122213	3,384.00		0.00	15-Jan-18 Invoice	Closed
R122484	3,950.00		0.00	15-Feb-18 Invoice	Closed
R122756	2,875.00		0.00	15-Mar-18 Invoice	Closed
R123018	1,217.00		0.00	13-Apr-18 Invoice	Closed
A101238	554,430.90	37,424.08	37,424.08	22-Apr-18 Invoice	Open
R123286	1,413.00		0.00	15-May-18 Invoice	Closed
Y3689	73,729.44		73,729.44	31-May-18 Invoice	Open
R123548	769.00		0.00	15-Jun-18 Invoice	Closed
R123811	249.00		0.00	13-Jul-18 Invoice	Closed
W100814	278,399.00	51,303.99	329,702.99	11-Aug-18 Invoice	Open
WM100070	1,789.00	330.42	2,119.42	11-Aug-18 Invoice	Open
R124072	464.00		0.00	15-Aug-18 Invoice	Closed
R124343	1,360.00		0.00	14-Sep-18 Invoice	Closed
R124606	855.00		0.00	15-Oct-18 Invoice	Closed
R124865	697.00		0.00	15-Nov-18 Invoice	Closed
R125126	1,105.00		0.00	14-Dec-18 Invoice	Closed
A101374	56.65		0.00	21-Dec-18 Invoice	Closed
R125380	2,114.00		0.00	15-Jan-19 Invoice	Closed
Q100053	1,200.00		1,200.00	1-Feb-19 Invoice	Open
R125627	2,970.00		0.00	15-Feb-19 Invoice	Closed
Q100077	3,100.00		3,100.00	3-Mar-19 Invoice	Open
R125871	1,633.00		0.00	15-Mar-19 Invoice	Closed
Q100099	2,800.00		2,800.00	31-Mar-19 Invoice	Open
R126126	1,060.00		0.00	15-Apr-19 Invoice	Closed
A101645	553,524.42		553,524.42	21-Apr-19 Invoice	Open
A101645NSF	25.00		25.00	26-Apr-19 Invoice	Open
Q100123	3,100.00		3,100.00	1-May-19 Invoice	Open
Z105728	1,000.00		1,000.00	2-May-19 Invoice	Open
R126383	1,729.00		0.00	15-May-19 Invoice	Closed
Q100142	3,000.00		3,000.00	31-May-19 Invoice	Open
Y3949	108,070.20		108,070.20	31-May-19 Invoice	Open
R126629	671.00		0.00	14-Jun-19 Invoice	Closed
Q100160	3,100.00		3,100.00	6-Jul-19 Invoice	Open
R126880	1,072.00		0.00	15-Jul-19 Invoice	Closed
Q100182	3,000.00		3,000.00	3-Aug-19 Invoice	Open
R127127	347.00		0.00	15-Aug-19 Invoice	Closed
W101087	270,252.00	30,259.33	300,511.33	5-Sep-19 Invoice	Open
WM100185	1,782.00		0.00	5-Sep-19 Invoice	Closed
Q100205	3,100.00		3,100.00	7-Sep-19 Invoice	Open
W101087NSF	25.00		25.00	12-Sep-19 Invoice	Open
R127369	464.00		0.00	13-Sep-19 Invoice	Closed
Q100232	3,100.00		3,100.00	3-Oct-19 Invoice	Open
R127615	452.00		0.00	15-Oct-19 Invoice	Closed
Q100259	3,000.00		3,000.00	31-Oct-19 Invoice	Open
R127859	287.00		0.00	15-Nov-19 Invoice	Closed
A101790	56.65		0.00	21-Nov-19 Invoice	Closed
Q100289	3,100.00		3,100.00	1-Dec-19 Invoice	Open
R128108	1,633.00		0.00	13-Dec-19 Invoice	Closed

Q100312	3,000.00		3,000.00	1-Jan-20 Invoice	Open
R128355	2,926.00		0.00	15-Jan-20 Invoice	Closed
Q100339	3,100.00		3,100.00	1-Feb-20 Invoice	Open
R128604	2,580.00		0.00	14-Feb-20 Invoice	Closed
Q100360	3,100.00		3,100.00	4-Mar-20 Invoice	Open
R128851	1,546.00		0.00	13-Mar-20 Invoice	Closed
Q100385	209,700.00		61,500.00	1-Apr-20 Invoice	Open
Q100410	(110,800.00)		0.00	1-Apr-20 Credit Memo	Closed
R129093	1,357.00		0.00	15-Apr-20 Invoice	Closed
R129327	1,316.00		0.00	15-May-20 Invoice	Closed
R129548	1,162.00		0.00	15-Jun-20 Invoice	Closed
R129746	1,683.00		0.00	15-Jul-20 Invoice	Closed
A102057REV	553,515.64		553,515.64	14-Aug-20 Invoice	Open
R129946	1,471.00		0.00	14-Aug-20 Invoice	Closed
R130161	1,873.00		0.00	15-Sep-20 Invoice	Closed
R130379	2,140.00		0.00	15-Oct-20 Invoice	Closed
Y100204	35,734.20		35,734.20	21-Oct-20 Invoice	Open
Q100438	(37,400.00)		0.00	2-Nov-20 Credit Memo	Closed
W101370	126,774.00	4,505.18	131,279.18	4-Nov-20 Invoice	Open
R130601	2,175.00		0.00	13-Nov-20 Invoice	Closed
A102185	56.65		56.65	22-Nov-20 Invoice	Open
A102185	0.00		0.00	22-Nov-20 Invoice	Closed
R130827	2,217.00		0.00	15-Dec-20 Invoice	Closed
Q100457	3,000.00		3,000.00	31-Dec-20 Invoice	Open
R131048	2,039.00		0.00	15-Jan-21 Invoice	Closed
Q100478	5,000.00		5,000.00	3-Feb-21 Invoice	Open
R131270	1,957.00		0.00	12-Feb-21 Invoice	Closed
Q100504	6,500.00		6,500.00	3-Mar-21 Invoice	Open
R131491	1,477.00		0.00	15-Mar-21 Invoice	Closed
Q100531	2,800.00		2,800.00	31-Mar-21 Invoice	Open
R131724	6,459.00		0.00	15-Apr-21 Invoice	Closed
A102410	553,515.64		553,515.64	25-Apr-21 Invoice	Open
Q100552	3,100.00		3,100.00	1-May-21 Invoice	Open
R131976	(3,933.00)		(3,933.00)	5-May-21 Credit Memo	Open
Q100567	3,000.00		3,000.00	2-Jun-21 Invoice	Open
Y100449	137,975.42		137,975.42	2-Jun-21 Invoice	Open
R132222	1,743.00		0.00	15-Jun-21 Invoice	Closed
Q100575	500.00		500.00	1-Jul-21 Invoice	Open
R132472	2,263.00		0.00	15-Jul-21 Invoice	Closed
W101647	234,998.00		234,998.00	5-Aug-21 Invoice	Open
<b>Balance Due</b>			<b>3,175,491.70</b>		

This is Exhibit "B" referred to in the Affidavit of  
Scott Weir

Sworn before me this 20 day of  
July, 2021.

David Kusch

A Commissioner for Oaths for Saskatchewan  
My Commission expires. \_\_\_\_\_  
OR Being a Solicitor

**SECOND AMENDED AND RESTATED FIXED AND FLOATING CHARGE DEMAND  
DEBENTURE AND NEGATIVE PLEDGE**

This Second Amended and Restated Debenture is dated effective as of November 1, 2017 and is issued by **Abbey Resources Corp.**, an Alberta corporation (the "**Debtor**") in favour of **Twin Eagle Resource Management Canada, LLC**, a Texas limited liability company (the "**Secured Party**").

**RECITALS:**

1. The Secured Party and the Debtor executed a Fixed and Floating Charge Demand Debenture and Negative Pledge dated August 23, 2016 (the "**Debenture**") and an Amended and Restated Debenture and Negative Pledge dated March 1, 2017 (the "**Amended Debenture**") and collectively with the Debenture, the "**Existing Debenture**"; and
3. The Secured Party and the Debtor have agreed to further amend and restate the Existing Debenture to, among other things, provide for amendments to the definitions of "**Principal Sum**" and "**Gas Purchase Documents**" on the terms set forth herein.

**ARTICLE 1  
PROMISE TO PAY**

**1.1 Promise to Pay**

The Debtor hereby acknowledges itself indebted and promises to pay **ON DEMAND** to or to the order of the Secured Party or any subsequent holder or holders of this Debenture, the Principal Sum set out below in lawful money of Canada at such place as the Secured Party, from time to time, may designate by notice in writing to the Debtor.

**1.2 Deemed Satisfaction**

Payment in full to the Secured Party of all amounts owing in respect of the Gas Purchase Documents and the Secured Obligations (as defined herein), but excluding the payment of the Principal Sum, will be deemed to be payment in satisfaction of the Principal Sum under this Debenture. Notwithstanding the Principal Sum and other monies expressed to be payable or secured hereunder, the obligations payable or secured hereunder shall not exceed the Secured Obligations. For certainty, this Debenture does not constitute a loan by the Secured Party to the Debtor and has been created and issued to the Secured Party by the Debtor solely for the purpose of securing the Secured Obligations.

**ARTICLE 2  
PRINCIPAL SUM**

**2.1 Principal Sum**

The "**Principal Sum**" is Canadian Five Million Five Hundred Thousand Dollars (\$5,500,000) Dollars.

## **ARTICLE 3 SECURITY**

### **3.1 Grant of Security**

As general and continuing collateral security for the due payment of the Principal Sum and all other monies payable hereunder and as security for the performance and observance of the covenants and agreements on the part of the Debtor herein contained and contained in the Gas Purchase Documents (the "Secured Obligations"), the Debtor hereby grants to and in favour of the Secured Party: (i) a first charge security interest over all of the Debtor's present and after-acquired personal property, tangible and intangible, in each case, of every nature and kind and wherever situate, including, without limitation, accounts, general intangibles, goods (including inventory, equipment and fixtures), chattel paper, investment property, documents of title, instruments, money, cash and cash equivalents, trade-marks, copyrights, patents, licenses and other intellectual property or intangibles and all proceeds thereof; (ii) a first floating charge over all of such Debtor's present and after-acquired real property; and (iii) a first and fixed mortgage and charge over all of the Debtor's right, title and interest, whether freehold, leasehold or other, under or in respect of the lands listed in Schedule "A" to this Debenture and for certainty the Debtor hereby mortgages to and in favour of the Secured Party all of the Debtor's estate and interest in such lands. In this Debenture, the mortgages, charges and security interests hereby constituted are called the "Security Interest" and the subject matter of the Security Interest is called the "Collateral"; provided, however, that notwithstanding any of the foregoing or anything else contained herein the Abbey JD Interest shall be excluded from the Collateral.

### **3.2 Dispositions**

Until the Security Interest becomes enforceable, the Debtor, subject to the terms of the Gas Purchase Documents, may dispose of or deal with the Collateral in the ordinary course of its business and for the purpose of carrying on the same, so that purchasers thereof or parties dealing with the Debtor take title thereto free and clear of the Security Interest.

### **3.3 Crystallization**

Without limiting its rights hereunder to crystallize the Security Interest in any other manner, the Secured Party may crystallize the Security Interest in respect of all or a portion of the Collateral which is subject to the floating charge in Section 3.1 hereof by (a) giving notice thereof to the Debtor, and (b) registering this Debenture or a caveat, security notice, financing statement or other instrument in respect of this Debenture, at any public registry or other office maintained for the purposes of registering fixed and specific mortgages and charges, Liens and other like interests, and after such crystallization, the Security Interest in respect of such Collateral that is the subject of the registration shall constitute a fixed and specific mortgage and charge and Lien to and in favour of the Secured Party, its successors and assigns, in respect of such Collateral, and the Debtor shall not thereafter dispose of or otherwise deal with such Collateral without

the consent of the Secured Party except to the extent otherwise permitted under the Gas Purchase Documents. The Debtor shall execute such further documents and do all acts reasonably requested by the Secured Party to give effect to the foregoing all in accordance with the terms of the Gas Purchase Documents.

#### **3.4 Last Day of Lease**

The Security Interest will not extend or apply to the last day of the term of any lease of real property or agreement therefor, but upon the enforcement of the Security Interest, each applicable Debtor will stand possessed of such last day in trust to assign the same at the direction of the Secured Party to any Person acquiring such term.

#### **3.5 Attachment**

The Debtor confirms that value has been given, that it has rights in its Collateral other than after-acquired Collateral, and that it has not agreed to postpone the time for attachment of the Security Interest to any of its Collateral. In respect of the Collateral which is acquired after the date of execution hereof, the time for attachment will be the time when the Debtor acquires such Collateral.

#### **3.6 Secured Party Rights**

The Secured Party is the party entitled to receive all amounts payable hereunder and to give respective discharges hereof. The Secured Party and its successors and assigns shall have and hold the Collateral, together with all tenements, hereditaments and appurtenances thereto, in accordance with the terms of the Gas Purchase Documents.

#### **3.7 Limitations on Security Interest**

The Security Interest does not and will not extend to, and the Collateral will not include, any agreement, right, franchise, licence or permit (the "Contractual Rights") to which the Debtor is a party or of which the Debtor has the benefit, to the extent that the creation of the Security Interest would constitute a breach of the terms of or permit any Person to terminate the Contractual Rights.

#### **3.8 Obligations with respect to Collateral**

Notwithstanding the provisions of this Debenture, (a) the Debtor shall remain liable to perform all of its duties and obligations in regards to the Collateral (including, without limitation, all of its duties and obligations arising under any leases, licenses, permits, reservations, contracts, agreements, instruments, contractual rights and governmental orders, authorizations, licenses and permits now or hereafter pertaining thereto) to the same extent as if this Debenture had not been executed; (b) the exercise by the Secured Party of any of its rights and remedies under or in regard to this Debenture shall not release the Debtor from such duties and obligations; and (c) the Secured Party shall not have any liability for such duties and obligations or be accountable for any reason to the Debtor by reason only of the execution and delivery of this Debenture.



### **3.9 No Impairment**

To the extent permitted by applicable Laws, the Security Interest shall not be impaired by any indulgence, moratorium or release which may be granted including, but not limited to, any renewal, extension or modification which may be granted with respect to any secured indebtedness, or any surrender, compromise, release, renewal, extension, exchange or substitution which may be granted in respect of the Collateral, or any part thereof or any interest therein, or any release or indulgence granted to any endorser, guarantor or surety of any of the Secured Obligations.

### **3.10 Amalgamation**

The Debtor acknowledges and agrees that, it is a corporation and in the event it amalgamates with any other corporation, the term "Debtor" when used herein shall apply to the resulting amalgamated corporation, such that the security constituted by this Debenture:

- (a) shall, subject to Section 3.4 and 3.7 hereof attach to and secure the "Collateral" (as that term is defined herein) owned by the resulting amalgamated corporation at the time of amalgamation and to all "Collateral" thereafter owned or acquired by such amalgamated corporation; and
- (b) shall secure payment of the debts and satisfaction of the obligations secured hereunder by the resulting amalgamated corporation at the time of amalgamation and thereafter.

For greater certainty, the security constituted by this Debenture shall, subject to Sections 3.4 and 3.7 hereof, attach to the "Collateral" owned by each corporation amalgamating with the corporation, at the time of the amalgamation.

## **ARTICLE 4 NEGATIVE PLEDGE**

### **4.1 Negative Pledge**

The Debtor covenants and agrees that it will not grant, create, incur, assume or permit or suffer to exist any security interest upon or with respect to any of the Collateral, except for Permitted Encumbrances (as defined in the Gas Purchase Documents) or as has otherwise been agreed in writing with the Secured Party.

## **ARTICLE 5 DEFAULT AND REMEDIES; NO INTEREST LETTERS AND RIGHT OF FIRST OFFER**

### **5.1 Default**

Upon the occurrence of an Event of Default, the Security Interest shall immediately become enforceable.

## 5.2 Remedies

Upon the Security Interest becoming enforceable in accordance with the terms of this Debenture, the Secured Party will be entitled, subject to applicable Laws, to exercise any of the remedies specified below:

- (a) **Receiver.** The Secured Party may appoint by instrument in writing one or more receivers, managers or receiver/manager for the Collateral or the business and undertaking of the Debtor pertaining to the Collateral (the "Receiver"). Any such Receiver will have, in addition to any other rights, remedies and powers which a Receiver may have at law, in equity or by statute, the rights and powers set out in clauses (b) through (e) in this Section 5.2. In exercising such rights and powers, any Receiver will act as and for all purposes will be deemed to be the agent of the Debtor and the Secured Party shall not be responsible for any act or default of any Receiver. The Secured Party may remove any Receiver and appoint another from time to time. No Receiver appointed by the Secured Party need be appointed by, nor need its appointment be ratified by, or its actions in any way supervised by, a court.
- (b) **Power of Sale.** Any Receiver may sell, consign, lease or otherwise dispose of any Collateral by public auction, private tender, private contract, lease or deferred payment with or without notice, advertising or any other formality, all of which are hereby waived by the Debtor to the extent permitted by applicable Laws. Any Receiver may, at its discretion establish the terms of such disposition, including terms and conditions as to credit, upset, reserve bid or price. All payments made pursuant to such dispositions will be credited against the Principal Sum only as they are actually received. Any Receiver may buy in, rescind or vary any contract for the disposition of any Collateral and may dispose of any Collateral without being answerable for any loss occasioned thereby. Any such disposition may take place whether or not the Receiver has taken possession of the Collateral.
- (c) **Pay Security Interests and Borrow Money.** Any Receiver may pay any liability secured by any actual or threatened Lien against any Collateral. Any Receiver may borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor pertaining to the Collateral and may grant Liens in any Collateral (in priority to the Security Interest or otherwise) as security for the money so borrowed. The Debtor will forthwith upon demand reimburse the Receiver for all such payments and borrowings and such payments and borrowings will be secured hereby.
- (d) **Dealing with Collateral.** Any Receiver may seize, collect, realize, dispose of, enforce, release to third parties or otherwise deal with any Collateral in such manner, upon such terms and conditions and at such time as it deems advisable, including without limitation:

- (i) to ask, demand, collect, sue for, recover, compromise, receive and give, acquittance and receipts for moneys due and to become due under or in connection with the Collateral;
  - (ii) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper in connection with Section 5.2(d)(i);
  - (iii) to file any claims or take any action or institute any proceedings which the Secured Party may deem to be necessary or desirable for the collection of the Collateral or to enforce compliance with the terms and conditions of any contract or any account; and
  - (iv) to perform the affirmative obligations of the Debtor hereunder (including all obligations of a Debtor pursuant to this Debenture and the other Gas Purchase Documents).
- (e) **Carry on Business.** The Secured Party or any Receiver may carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Debtor.
- (f) **Right to Have Court Appoint a Receiver.** The Secured Party may, at any time, apply to a court of competent jurisdiction for the appointment of a Receiver, or other official, who may have powers the same as, greater or lesser than, or otherwise different from, those capable of being granted to a Receiver appointed by the Secured Party pursuant to this Debenture.
- (g) **Secured Party May Exercise Rights of a Receiver.** In lieu of, or in addition to, exercising its rights, remedies and powers under clauses (a), (f) and (h) of this Section 5.1, the Secured Party has, and may exercise, any of the rights and powers which are capable of being granted to a Receiver appointed by the Secured Party pursuant to this Debenture.
- (h) **Retention of Collateral.** Subject to applicable Laws, the Secured Party may elect to retain any Collateral in satisfaction of the Principal Sum and, if it does so, may designate any part of the Principal Sum to be satisfied by the retention of particular Collateral which the Secured Party reasonably considers to have a net realizable value approximating the amount of the designated part of the Principal Sum, in which case only the designated part of the Principal Sum will be deemed to be satisfied by the retention of the particular Collateral.
- (i) **Extensions of Time.** Upon the Security Interest becoming enforceable in accordance with the terms of this Debenture, the Secured Party may grant renewals, extensions of time and other indulgences, accept compositions, grant releases and discharges, and otherwise deal or fail to deal with the Debtor, debtors of the Debtor, guarantors, sureties and others and with any Collateral as the Secured Party may see fit, all without prejudice to the liability of the Debtor to the

Secured Party and the Secured Party's rights, remedies and powers under this Debenture or under any other Gas Purchase Documents.

- (j) **Validity of Sale.** No Person dealing with the Secured Party or any Receiver, or with any officer, employee, agent or solicitor of the Secured Party or any Receiver will be concerned to inquire whether the Security Interests have become enforceable, whether the right, remedy or power of the Secured Party or the Receiver has become exercisable, whether the Principal Sum remaining outstanding or otherwise as to the proprietary or regularity of any dealing by the Secured Party or the Receiver with any Collateral or to see to the application of any money paid to the Secured Party or the Receiver, and in the absence of fraud on the part of such Person such dealings will be deemed, as regards such Person, to be within the rights, remedies and powers hereby conferred and to be valid and effective accordingly.
- (k) **Effect of Appointment of Receiver.** As soon as the Secured Party takes possession of any Collateral or appoints a Receiver, all powers, functions, rights and privileges of the Debtor including, without limitation, any such powers, functions, rights and privileges which have been delegated to directors, officers of the Debtor or committees with respect to such Collateral will cease, unless specifically continued by the written consent of the Secured Party.
- (l) **Time for Payment.** If the Secured Party demands payment of the Principal Sum after the occurrence of an Event of Default or if the Principal Sum is otherwise due by maturity or acceleration, it will be deemed reasonable for the Secured Party to exercise its remedies immediately if such payment is not made, and any days of grace or any time for payment that might otherwise be required to be afforded to the Debtor at law or in equity is hereby irrevocably waived by the Debtor to the extent permitted by applicable Laws.
- (m) **No Implied Waiver.** The rights of the Secured Party (whether arising under this Debenture, any other Gas Purchase Document, any other agreement, at law or in equity) will not be capable of being waived or varied otherwise than by an express waiver or variation in writing, and in particular any failure to exercise or any delay in exercising any of such rights will not operate as a waiver or variation of that or any other such right; any defective or partial exercise of any of such rights will not preclude any other or further exercise of that or any other such right, and no act or course of conduct or negotiation on the part of the Secured Party will in any way preclude the Secured Party from exercising any such right or constitute a suspension or any variation of any such right.

### 5.3 License

Upon the Security Interest becoming enforceable in accordance with the terms of this Debenture and for the sole purpose of enabling the Secured Party to exercise rights and remedies hereunder, and for no other purposes, the Debtor hereby grants to the Secured Party an irrevocable, non-exclusive license, (exercisable without payments of royalty or

other compensation to the Debtor) to use, assign, license or sub-license the Debtor's Collateral consisting of trade-marks, copyrights, patents, licenses and other intellectual property in which such Debtor now has or hereafter acquires rights, and wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof. The Secured Party covenants and agrees that it will not exercise its rights under the foregoing license except during the time that it shall be lawfully entitled to exercise its rights and remedies hereunder.

#### **5.4 Proceeds**

The proceeds of realization or enforcement hereunder or any other amount from time to time received by the Secured Party or the Receiver may be applied by the Secured Party to the payment of expenses in connection with the preservation and realization of the Collateral as above described and any balance of such proceeds shall be applied by the Secured Party to payment of any amount owing by the Debtor to the Secured Party in such order as the Secured Party may see fit; if there is any surplus remaining, it may be paid to any person having a claim thereto in priority to the Debtor of whom the Secured Party has knowledge and may be applied or retained as reserves against potential claims that the Secured Party or the Receiver in good faith believes should be maintained and the balance remaining, if any, shall (subject to applicable law) be paid to the Debtor.

#### **5.5 Delivery of Collateral**

If the Secured Party or any Receiver exercises its rights herein to take possession of the Collateral, the Debtor will upon request from the Secured Party or any such Receiver, assemble and deliver possession of the Collateral at such place or places as directed by the Secured Party or any such Receiver.

#### **5.6 Release**

Upon the Debtor satisfying all of its obligations under the Gas Purchase Documents and other Secured Obligations, the Secured Party will, at the written request of the Debtor, reassign and re-convey the Collateral to the Debtor and release the Security Interest in accordance with the terms hereof.

#### **5.7 No Interest Letters**

The Secured Party covenants and agrees to provide to the Debtor from time to time upon the Debtor's written request a no interest letter, in form and substance satisfactory to the Debtor and the Secured Party acting reasonably, acknowledging and confirming that, notwithstanding this Debenture or any registrations made in favour of the Secured Party in respect hereof, the Secured Party does not have a security interest or other interest in the applicable After-acquired Assets and in the Abbey JD Interest.

## 5.8 Right of First Offer

- (a) The Debtor hereby grants the Secured Party a right of first offer for any Gas Marketing Services:
  - (i) in respect of any of the After-acquired Assets; and
  - (ii) that Debtor may now or in the future have an opportunity to provide pursuant to the Joint Development Agreement,

subject to the following terms and conditions. For the purposes of this Section 5.8 "Gas Marketing Services" means any and all services in respect of the marketing and sale of natural gas including but not limited to gas prepay transactions, forward sales, gas hedges, swaps or any other gas derivative transaction, in respect of items (i) and (ii) above.

- (b) The Debtor shall deliver notice in writing (the "ROFO Notice") to the Secured Party of the Debtor's intention to perform or have performed any Gas Marketing Services, prior to soliciting any offers for Gas Marketing Services or immediately upon receipt of an unsolicited offer for Gas Marketing Services by a third party.
- (c) The Secured Party shall have thirty (30) days (the "Offer Period") from receipt of the ROFO Notice to make a *bona fide* written offer to provide some or all Gas Marketing Services (the "Offer") to the Debtor.
- (d) In the event that Debtor elects not to accept the Offer, Debtor shall have the right to have such Gas Marketing Services performed by any third party at a price greater than or equal to the price set out in the Offer (but not a lower price without recommencing the process in this Section 5.8); provided, however, that if definitive agreements for such marketing services are not executed or the transaction is not closed within one hundred and twenty (120) days of the Debtor's original written notification to the Secured Party, the Secured Party shall again have a right of first offer to provide some or all Gas Marketing Services in accordance with the same procedures as outlined in this Section 5.8.
- (e) The completion of any transaction contemplated by this Section 5.8 (a "ROFO Gas Marketing Transaction") will take place on the ROFO Closing Date. "ROFO Closing Date" means (i) the date which is sixty (60) days after the acceptance by Secured Party of an Offer by the Debtor, (ii) unless all filings, notices and authorizations necessary to complete the ROFO Gas Marketing Transaction have not been made, given or obtained by that date in which case the closing date will be extended for up to forty-five (45) days in order to make, give or obtain the filings, notices and authorizations; or (iii) such earlier or later date as the parties agree in writing. At 10:00 am (MST) on the ROFO Closing Date, the payment of the price for those Gas Marketing Services contracted for pursuant to the ROFO Gas Marketing Transaction (less any withholdings required by applicable Law) will be made by the Secured Party against delivery by the Debtor

of all such documents and instruments of transfer as may be required to effectively finalize the ROFO Gas Marketing Transaction.

## ARTICLE 6 WAIVER

### 6.1 Saskatchewan Waivers

The Debtor hereby covenants and agrees with the Secured Party that:

- (a) *The Land Contracts (Actions) Act* (Saskatchewan) will have no application to any action as defined therein, with respect to the Gas Purchase Documents; and
- (b) *The Limitation of Civil Rights Act* (Saskatchewan) will have no application to:
  - (i) the Gas Purchase Documents;
  - (ii) the Security Interest;
  - (iii) any agreement or instrument renewing or extending or collateral to the Gas Purchase Documents or renewing or extending or collateral to any Security Interest referred to or mentioned in subparagraph 6.1(b)(ii); or
  - (iv) the rights, powers or remedies of the parties under the Gas Purchase Documents or Security Interest, agreement or instrument referred to or mentioned in subparagraphs 6.1(b)(ii) or 6.1(b)(iii).

## ARTICLE 7 INDEMNITY

### 7.1 Indemnity

Without duplication of the indemnity provisions contained in the Gas Purchase Documents, and without in any manner derogating from the Security Interest, the Debtor expressly acknowledges and agrees that the Secured Party or any appointed Receiver has not by virtue of its acceptance of this Debenture and the Security Interest assumed care and control of, or any responsibility for, the Collateral or any party thereof, and that the Debtor remains fully responsible for ensuring that the Collateral is operated, managed and maintained in a proper and prudent manner, in accordance with good industry practice, and in accordance with all applicable Laws, and the Debtor shall indemnify and save the Secured Party and each of its respective directors, officers, employees and agents, and any of them, (in this Section 7.1 any one or more or all of such Persons is referred to as the "Indemnified Party") harmless from and against any and all liabilities, losses, claims, damages and expenses (including all reasonable fees of counsel on a solicitor and his own client basis and accountant fees and reasonable expenses, court costs and all other reasonable out-of-pocket expenses) sustained, paid, incurred or suffered by the Indemnified Party arising in any manner whatsoever out of or as a result of (i) the execution or delivery of this Debenture or any agreement or instrument

contemplated hereby, the performance by the Debtor or the Secured Party of their respective obligations or rights hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any environmental claims, liabilities or obligations of any and every nature whatsoever relating to or affecting the Debtor or the Collateral, or the property of others where the Debtor would be reasonably likely to have any liability in respect thereof under applicable Law, (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Debtor, and regardless of whether any Indemnified Party is a party thereto, (iv) any other aspect of this Debenture; or (v) the enforcement of the Secured Party's rights hereunder and any related investigation, defence, preparation of defence, litigation and enquiries, including, without limitation for the following:

- (a) any failure on the part of the Debtor or any other Person dealing with the Collateral to observe and comply fully with all applicable Laws, and with the lawful terms of all agreements, instruments and arrangements forming part of or relating to the Collateral, or by which the Debtor is otherwise bound, and which any such Indemnified Party suffers or incurs as a result of being the holder of the Security Interest granted hereunder and related rights hereunder;
- (b) the release of any contaminant, the threat of release of any contaminant, or the presence of any contaminant affecting the Collateral, whether or not the same originates or emanates from the Collateral or any contiguous real property;
- (c) any costs of removal or remedial action imposed by any Person or damages from, injury to, destruction of or loss to the Collateral or any contiguous real property, including reasonable costs of assessing such injury, destruction or loss incurred pursuant to any applicable Laws;
- (d) any non-compliance by the Debtor or any predecessor in title to the Collateral under any applicable Laws with respect to the Collateral;
- (e) any step taken by any Person to enforce compliance with or to collect or impose penalties, fines, or other sanctions provided by any applicable Laws with respect to the Collateral;
- (f) liability for personal injury or property damages arising under any statutory or common law tort theory, including without limitation, third party, consequential and indirect damages and damages assessed for the maintenance of a public or private nuisance or for the carrying on of the dangerous activity at any or near any Collateral;
- (g) all environmental, health, reclamation and cleanup costs and obligations associated with or pertaining to the abandonment or reclamation of the Collateral, including any facilities, buildings, fixtures or equipment located thereon; and
- (h) any obligation or liability arising directly or indirectly from the provision by any of such Indemnified Parties directly or indirectly of any funds to the Debtor as a



result of which any contingent exposure to any of the foregoing liabilities listed in paragraphs (a) through (g) above may arise, or as a result of taking or being granted the Security Interest granted hereunder or effecting any realization of, against or upon any such Indemnified Party or any of the Collateral,

(all or any item or part of the foregoing liabilities, losses, claims, damages and expenses are referred to in this Article 7 as a "Loss"); provided that such indemnity shall not, as to any Indemnified Party, be available to the extent that such Losses (x) are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnified Party or (y) result from a claim brought by a Debtor against an Indemnified Party for breach in bad faith of such Indemnified Party's obligations hereunder or under any other Gas Purchase Document if a Debtor has obtained a final and non-appealable judgment in its favor on such claim as determined by a court of competent jurisdiction.

#### **7.2 Acknowledgement**

The Debtor acknowledges that the Secured Party is entitled to the benefit of the provisions of this Article 7 on its own behalf and as agent and trustee for its directors, officers, employees and agents.

#### **7.3 Claims**

If any claim (in this Article 7 referred to as a "Claim") shall be asserted by any Person against the Indemnified Party which may give rise to a Loss, the Indemnified Party shall promptly notify the Debtor of all particulars of such Claim upon learning of same. The failure to give any such notice, however, shall not affect the Debtor's liability to indemnify the Indemnified Party unless such failure adversely and materially affects its ability to defend, object to, oppose or contest that Claim.

#### **7.4 Defend Claims**

The Debtor shall at all times have the right, if the Security Interest has not become enforceable in accordance with the terms of this Debenture, but shall not be required, at its sole expense, to resist, defend and compromise any Claim in the name of the Indemnified Party, by legal counsel reasonably acceptable to the Indemnified Party who will cooperate in such defence on a reasonable basis; provided that the Indemnified Party shall have the right to participate in the defence or compromise of any Claim by other legal counsel of its choosing if the Indemnified Party, acting reasonably, determines it should so participate; provided that subject to Section 7.5 the fees and disbursements of such other counsel shall be paid by the Debtor. The Indemnified Party shall not effect any settlement or compromise of any Claim without the prior written consent of the Debtor. Notwithstanding anything herein to the contrary, the Debtor must defend such claim, diligently and reasonably throughout the period while such Claim exists.

## **7.5 Legal Representation**

The Debtor shall not, in connection with any Loss in the same jurisdiction, be liable for the fees and expenses of more than one separate legal firm for the Indemnified Parties unless such representation by the same legal counsel would be inappropriate due to actual or potential differing interests or the employment thereof has been specifically authorized by the Debtor in writing and such firm or firms shall be designated in writing by the Secured Party on behalf of each Indemnified Party.

## **7.6 Waiver**

To the fullest extent permitted by applicable Law, the Debtor shall not assert, and hereby waives: (a) any claim against any Indemnified Party, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Debenture or any agreement or instrument contemplated hereby, the transactions contemplated hereby; and (b) all of the rights, benefits and protections given by any present or future statute that imposes limitations on the rights, powers or remedies of a secured party or on the methods of, or procedures for, realization of security, including any "seize or sue" or "anti-deficiency" statute or any similar provision of any other statute.

## **7.7 Amounts Due**

All amounts due under this Article 7 shall be payable promptly, and in any event within seven (7) days, after demand therefor.

## **7.8 Survival**

This Article shall survive repayment or cancellation of the Secured Obligations and the discharge or release of the Security Interest.

# **ARTICLE 8 COVENANTS**

## **8.1 Covenants**

The Debtor covenants and agrees with the Secured Party that:

- (a) **Further Documentation.** The Debtor acknowledges and agrees that the Secured Party shall have the right from time to time to register or record this Debenture or notice of this Debenture and the Security Interest, any other documents relating to or contemplated by the foregoing and any caution or other title document, against title to the Collateral or elsewhere, and the Debtor shall cooperate with all such registrations and recordings and provide its written consent or signature to any documents and do such other things from time to time as are necessary or desirable to effect all such registrations or recordings or otherwise to protect the interests of the Secured Party hereunder.

At any time and from time to time, upon the written request of the Secured Party and at the sole expense of the Debtor, the Debtor will promptly and duly execute and deliver such further instruments and documents and take such further action as the Secured Party may reasonably request for the purposes of obtaining or preserving the full benefits of this Debenture and of the rights and powers herein granted, including the filing or execution of any financing statements or financing change statements under any applicable Laws with respect to this Debenture. The Debtor also hereby authorizes the Secured Party to file any such financing statement or financing change statement without the signature of such Debtor to the extent permitted by applicable Laws. Without limiting the generality of the foregoing, the Debtor acknowledges that this Debenture has been prepared based on applicable Laws and the Debtor agrees that the Secured Party will have the right, acting reasonably, to require that this Debenture be amended or supplemented: (i) to reflect any changes in applicable Laws, whether arising as a result of statutory amendments, court decisions or otherwise; (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions; or (iii) if the Debtor amalgamates with any other Person or enters into any reorganization, in each case in order to confer upon the Secured Party the security intended to be created hereby.

- (b) **Lands Schedule.** The Debtor will furnish to the Secured Party an updated Lands Schedule within ten (10) Business Days of the receipt of any written request for same and in any event no less than every quarter.
- (c) **Further Identification of Collateral.** The Debtor will furnish to the Secured Party from time to time such statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Secured Party may reasonably request, all to the extent necessary to permit the Collateral to be sufficiently described.
- (d) **Notices.** The Debtor will advise the Secured Party in writing in reasonable detail of (i) any change in the jurisdictions where it carries on business or its chief executive office, or (ii) any change in its name, in each case, at least fifteen (15) days prior to the effective date of any such change.

## **ARTICLE 9 MISCELLANEOUS**

### **9.1 Interpretation**

Capitalized terms used herein shall have the following meanings:

- (a) **"Abbey JD Interest"** means the interest of the Debtor in the Joint Development Agreement.
- (b) **"After-acquired Assets"** means any assets acquired by the Debtor pursuant to an arm's length transaction with a third party.

- (c) **"Business Day"** means any day, other than a Saturday or Sunday or holiday, on which Canadian chartered banks are open for business in Calgary, Alberta.
- (d) **"Event of Default"** means a default under any of the Gas Purchase Documents.
- (e) **"GasEDI Base Contract"** means the GasEDI Base Contract for Sale and Purchase of Natural Gas between the Secured Party and the Debtor dated August 23, 2016 and the Second Amended and Restated Special Provisions to the GasEDI Base Contract dated November 1, 2017;
- (f) **"Gas Purchase Documents"** means, collectively, the GasEDI Base Contract and any other agreements entered in connection therewith, including any transaction confirmation entered into between the Secured Party and the Debtor from time to time, other than this Debenture, as each of the foregoing may be amended or supplemented from time to time.
- (g) **"Joint Development Agreement"** means the Joint Development Agreement entered into between Optimum Petroleum Services Inc. and Abbey with an effective date of January 1<sup>st</sup>, 2011 in connection with the development of certain Gas Positive Displacement Technology for liquid loaded wells, as the same may be amended or supplemented from time to time.
- (h) **"Laws"** means all constitutions, treaties, laws, statutes, codes, ordinances, orders, decrees, rules, regulations and municipal by-laws, whether domestic, foreign or international, any judgments, orders, writs, injunctions, decisions, directives, rulings, decrees and awards of any Administrative Body, and any policies, voluntary restraints, practices or guidelines of any Administrative Body, and including, any principles of common law and equity. For the purposes of this definition, "Administrative Body" means any domestic or foreign, national, federal, provincial, state, municipal or other local government or regulatory body and any division, agency, ministry, commission, board or authority or any quasi-governmental or private body exercising any statutory, regulatory, expropriation or taxing authority under the authority of any of the foregoing, and any domestic, foreign or international judicial, quasi-judicial, arbitration or administrative court, tribunal, commission, board or panel acting under the authority of any of the foregoing;
- (i) **"Lien"** means any mortgage, lien, pledge, charge (whether fixed or floating), security interest, title retention agreement, or other encumbrance of any kind, contingent or absolute but excludes operating leases, any contractual right of set-off created in the ordinary course of business and any writ of execution, or other similar instrument, arising from a judgment relating to the non-payment of indebtedness; and
- (j) **"Person"** means an individual, a partnership, a corporation, a company, a trust, an unincorporated organization, a union, a government or any department or agency

thereof (collectively an "entity") and the heirs, executors, administrators, successors, or other legal representatives, as the case may be, of such entity.

## **9.2 Future Advances**

This Debenture secures both present and future advances up to the amount of the Principal Sum, and accordingly the Secured Party shall be entitled to all priorities and advantages conferred pursuant to *Part III of The Land Titles Act* (Saskatchewan) as well as the *Personal Property Security Act, 1993* (Saskatchewan), as applicable.

## **9.3 Costs and Expenses**

Notwithstanding anything to the contrary contained in this Debenture, the Secured Party shall assume, and the Debtor shall not be responsible in any way for, any costs or expenses in connection with the drafting of this Debenture or the perfection or discharge of the Security Interest in accordance with the terms hereof, whether incurred concurrently herewith or as a result of the acquisition of future assets to which this Security Interest attaches.

## **9.4 Attorney in Fact**

Upon the Security Interest becoming enforceable in accordance with the terms of this Debenture, the Debtor hereby irrevocably constitutes and appoints the Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Debtor and in the name of such Debtor or in its own name, from time to time in the Secured Party's discretion for the purpose of carrying out the terms of this Debenture, to take any and all appropriate action and to execute any and all documents and instruments which may be reasonably necessary or desirable to accomplish the purposes of this Debenture and which the Debtor being required to take or execute has failed to take or execute. The Debtor hereby ratifies all that said attorneys will lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and will be irrevocable until the Principal Sum has been unconditionally and irrevocably paid and performed in full. The Debtor also authorizes the Secured Party, at any time and from time to time, to (i) execute any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral in connection with the sale provided for in Section 5.2(b) and (ii) to amend this Debenture by executing and delivering on behalf of the Debtor a supplemental debenture for the purposes of, *inter alia*, amending this Debenture to attach thereto the most recent Lands Schedule delivered by the Debtor to the Secured Party pursuant to Section 8.1(b).

## **9.5 No Liability**

A Receiver shall not be liable for any error of judgment or act done by any of them in good faith, or be otherwise responsible or accountable under any circumstances whatsoever, except for their gross negligence or wilful misconduct.

**9.6 Presentment**

The Debtor hereby expressly waives presentment, protest and notice of dishonour of this Debenture. Any failure or omission by the Secured Party to present this Debenture for payment, protest or provide notice of dishonour will not invalidate or adversely affect in any way any demand for payment or enforcement proceeding taken under this Debenture.

**9.7 Enurement and Assignment**

The provisions of this Debenture will be binding upon the Debtor and its successors and permitted assigns and will enure to the benefit of the Secured Party and its respective successors and permitted assigns. Subject to the terms of the Gas Purchase Documents, the Debtor shall not assign this Debenture without the Secured Party's prior written consent.

**9.8 Governing Law**

This Debenture will be governed by and construed in accordance with the laws of the Province of Saskatchewan and the laws of Canada applicable therein, without giving effect to the conflict of law principles thereof. Without prejudice to the ability of the Secured Party to enforce this Debenture in any other proper jurisdiction, the Debtor hereby irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Saskatchewan, or any appellate courts thereof, for the purposes of this Debenture.

**9.9 Severability**

If any portion of this Debenture or the application thereof to any circumstance will be held invalid or unenforceable by a court of competent jurisdiction from which no further appeal has or is taken, to an extent that does not affect in a fundamental way the operation of this Debenture, the remainder of the provision in question, or its application to any circumstance other than that to which it has been held invalid or unenforceable, and the remainder of this Debenture will not be affected thereby and will be valid and enforceable to the fullest extent permitted by applicable Laws.

**9.10 Consent and Waiver**

No consent or waiver by the Secured Party will be effective unless made in writing and signed by an authorized officer of the Secured Party.

**9.11 Notices**

Any notice, consent, direction, approval, request, agreement, determination, demand or other communication required or permitted to be given or made hereunder shall be given or made pursuant to the Gas Purchase Documents.

**9.12 Receipt of Copy**

The Debtor acknowledges receipt of an executed copy of this Debenture. The Debtor waives the right to receive a printed copy of any financing statement issued by any registry or a copy of the statement used by any such registry to confirm any registration in connection with this Debenture. The Debtor waives the right to receive any amount that it may now or hereafter be entitled to receive (whether by way of damages, fine, penalty, or otherwise) by reason of the failure of the Secured Party to deliver to such Debtor a copy of any financing statement or any statement issued by any registry that confirms registration of a financing statement relating to this Debenture.

**9.13 Inconsistency**

In the event of any conflict or inconsistency between the provisions of this Debenture and the provisions of the other Gas Purchase Documents then, notwithstanding anything contained in this Debenture, the provisions contained in the other Gas Purchase Documents shall prevail to the extent of such conflict or inconsistency and the provisions of this Debenture shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency, it being understood that the purpose of this Debenture is to add to, and not detract from, the rights granted to the Secured Party under the other Gas Purchase Documents. If any act or omission of the Debtor is expressly permitted under the any of the other Gas Purchase Documents but is expressly prohibited under this Debenture, such act or omission shall be permitted. If any act or omission is expressly prohibited under this Debenture, but the other Gas Purchase Documents do not expressly permit such act or omission, or if any act is expressly required to be performed under this Debenture but the other Gas Purchase Documents do not expressly relieve the Debtor from such performance, such circumstance shall not constitute a conflict or inconsistency between the applicable provisions of this Agreement and the provisions of the other Gas Purchase Documents.

**9.14 Amendment**

Subject to Sections 9.3 and 9.13, no amendment of this Debenture shall be binding unless in writing and signed by the Secured Party and the Debtor.

**9.15 Amendment And Restatement**

Effective as of the date hereof, this Debenture hereby amends and restates the Existing Debenture.

**9.16 Electronic Signatures and Counterparts**

This Debenture may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract.

***[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]***

**THIS DEBENTURE** executed effective the date first written above.

**ABBEY RESOURCES CORP.**

Per:



\_\_\_\_\_  
Name:

Title:

**TWIN EAGLE RESOURCE  
MANAGEMENT CANADA, LLC**

Per:

\_\_\_\_\_  
Name:

Title:




**THIS DEBENTURE** executed effective the date first written above.

**ABBEY RESOURCES CORP.**

Per: \_\_\_\_\_  
Name:  
Title:

**TWIN EAGLE RESOURCE  
MANAGEMENT CANADA, LLC**

Per:  \_\_\_\_\_  
Name: Jeremy Davis  
Title: EVP, CCO

**SCHEDULE "A"**  
**FIXED CHARGE SCHEDULE**

*(See attached land schedule)*

This is Exhibit <sup>C</sup> referred to in the Affidavit of  
Scott Weaver

worn before me this 26 day of  
July, 2021.

David Beach


A Commissioner for Oaths for Saskatchewan

My Commission expires: \_\_\_\_\_

OR Being a Solicitor

TRANSACTION CONFIRMATION  
FOR IMMEDIATE DELIVERY

EXHIBIT A

 <p><b>TWIN EAGLE™</b> RESOURCE MANAGEMENT</p>	Date: _____ Transaction Confirmation #: _____
---	--

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated August 23, 2016. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of receipt unless otherwise specified in the Base Contract.

<b>SELLER:</b> Abbey Resources Corp. ("Abbey") <u>Suite 100, 505 3rd St SW</u> <u>Calgary, T2P-3E6</u> Attn: <u>John Gattis</u> Phone: <u>403-288-4642</u> Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____	<b>BUYER:</b> Twin Eagle Resource Management Canada, LLC ("Twin Eagle") <u>8847 W. Sam Houston Pkwy N.</u> <u>Houston, TX 77040</u> Attn: <u>Confirmation Department</u> Phone: <u>(713) 341-7300</u> Fax: <u>(713) 341-7392</u> Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____
--	---

Contract Price: See Special Conditions below

Delivery Period: See Special Conditions below

**Performance Obligation and Contract Quantity: (Select One)**

<b>Firm (Fixed Quantity):</b> _____ GJ/day <input type="checkbox"/> EFP	<b>Firm (Variable Quantity):</b> 5,000 GJ/day Minimum _____ MMBtus/day Maximum	<b>Interruptible:</b> Up to _____ GJ/day
---	--	---

**Delivery Point(s):** TransGas/TransGas Energy Pool  
 (If a pooling point is used, list a specific geographic and pipeline location):

**Special Conditions:**

**1. Contract Quantity**

- 1.1. The "Contract Quantity" shall be a minimum amount of Gas no less than 5,000 GJ/day which shall be comprised of:
  - (a) 750 GJ/day of Gas produced from the Husky Assets (the "Prepaid Volumes"); and
  - (b) any and all volumes of Gas produced from the Husky Assets over and above the Prepaid Volumes (the "Incremental Dedicated Production"),
 during the applicable Delivery Period.
- 1.2. If on any Day during the Delivery Period, Seller delivers less than the Prepaid Volume for such Day, then any amount of such short fall (the "Carry-Forward Amount") shall be added to the following Day's required quantity of Prepaid Volumes. Accordingly, during the Delivery Period in respect of Prepaid Volumes, any Gas delivered to Buyer during any Day shall be deemed to be Prepaid Volumes up until the point where such quantity of delivered Gas equals the Prepaid Volume for such Day plus any applicable Carry-Forward Amount. Thereafter, any volume of delivered Gas for such Day in excess of such amount shall be considered Incremental Dedicated Production.

**2. Delivery Period**

2.1. The "Delivery Period" in respect of:

- (a) Prepaid Volumes, shall commence on August 1, 2016 and shall end upon delivery to Buyer of an aggregate amount of Prepaid Volumes equaling 1,095,750 GJs; and
- (b) Incremental Dedicated Production, shall commence on August 1, 2016 and end on October 31, 2020, provided that such end date shall be extended by a period equal to any periods during which Force Majeure is claimed.

**3. Contract Price**

3.1. The "Contract Price" shall be:

- (a) for each GJ of the Prepaid Volumes, \$1.59708 per GJ, and
- (b) for each GJ of the Incremental Dedicated Production, the applicable Incremental Dedicated Production Contract Price (as defined below).

3.2. Notwithstanding Section 7.2 of the General Terms and Conditions, in respect of Prepaid Volumes, Buyer shall pre-pay to Seller the following amounts on the corresponding dates:

- (a) The effective date of this Transaction Confirmation - CAD\$800,000;
- (b) September 15, 2016 - CAD\$800,000;
- (c) October 3, 2016 - CAD\$550,000.

(collectively, the "Prepaid Volumes Contract Price") provided that as a condition precedent to any such pre-payment obligations, Seller shall not have committed an Event of Default.

3.3. The Contract Price for each GJ of Incremental Dedicated Production shall be:

- (a) The price per unit for the Delivery Period as published in Canadian Enerdata Ltd.'s "Canadian Gas Price Reporter", table "NGX AB-NIT same Day index #", column "Avg.", row "5A Arithmetic Avg. A" (CAD/GJ). Does not include day deals done on Friday, during the weekend, or on non-trading days determined by NGX that fall in conjunction with the weekend. The weekend # is used as a proxy for each of these days; plus
- (b) CAD\$0.10/GJ; less
- (c) CAD\$0.03/GJ.

(the "Incremental Dedicated Production Contract Price").

**4. Dedication of Husky Assets Production**

4.1. Seller hereby dedicates to the performance of its obligations under this Contract all Gas produced from the Husky Assets provided that Seller need not deliver to Buyer such Gas as may be used, consumed or lost in the operation of the Husky Assets in accordance with accepted oil and gas industry practices. Seller shall not, on any Day during the Delivery Period, sell, trade, assign or otherwise transfer or dispose of any Gas produced from the Husky Assets other than to the Buyer hereunder.

**5. Cooperation/Provision of Husky Assets Production Information**

5.1. Seller shall cooperate with Buyer to enable Buyer to provide accurate and effective nominations pursuant to the Nominating Agency Agreement which cooperation shall include, but not be limited to, the provision by Seller of daily well production information in respect of the Husky Assets and, if requested by Buyer, access to Seller metering facilities in respect of the Husky Assets.

**6. Supersedes Long Form Confirmation**

6.1. This Transaction Confirmation, together with the Base Contract completely supersedes, extinguishes and replaces the long form Transaction Confirmation dated July 28, 2016 between Seller and Buyer (the "Long Form Confirmation") and the parties hereto acknowledge that any and all volumes of Gas delivered pursuant to the Long Form Confirmation shall be deemed to have been delivered pursuant to this Transaction Confirmation.

SELLER		BUYER
<u>Albany Resources Corp</u>	PARTY	_____
<u>James G. Geller</u>	Signature	_____
<u>President</u>	Name	_____
<u>August 19, 2016</u>	Title	_____
	Date	_____

**2. Delivery Period**

2.1. The "Delivery Period" in respect of:

- (a) Prepaid Volumes, shall commence on August 1, 2016 and shall end upon delivery to Buyer of an aggregate amount of Prepaid Volumes equaling 1,095,750 GJs; and
- (b) Incremental Dedicated Production, shall commence on August 1, 2016 and end on October 31, 2020, provided that such end date shall be extended by a period equal to any periods during which Force Majeure is claimed.

**3. Contract Price**

3.1. The "Contract Price" shall be:

- (a) for each GJ of the Prepaid Volumes, \$1.59708 per GJ, and
- (b) for each GJ of the Incremental Dedicated Production, the applicable Incremental Dedicated Production Contract Price (as defined below).

3.2. Notwithstanding Section 7.2 of the General Terms and Conditions, in respect of Prepaid Volumes, Buyer shall pre-pay to Seller the following amounts on the corresponding dates:

- (a) The effective date of this Transaction Confirmation - CAD\$800,000;
- (b) September 16, 2016 - CAD\$800,000;
- (c) October 3, 2016 - CAD\$550,000,

(collectively, the "Prepaid Volumes Contract Price") provided that as a condition precedent to any such pre-payment obligations, Seller shall not have committed an Event of Default.

3.3. The Contract Price for each GJ of Incremental Dedicated Production shall be:

- (a) The price per unit for the Delivery Period as published in Canadian Enerdata Ltd.'s "Canadian Gas Price Reporter", table "NGX AB-NIT same Day Index #", column "Avg.", row "5A Arithmetic Avg.\*\*\*" (CAD/GJ). Does not include day deals done on Friday, during the weekend, or on non-trading days determined by NGX that fall in conjunction with the weekend. The weekend # is used as a proxy for each of these days; plus
  - (b) CAD\$0.10/GJ; less
  - (c) CAD\$0.03/GJ,
- (the "Incremental Dedicated Production Contract Price").

**4. Dedication of Husky Assets Production**

4.1. Seller hereby dedicates to the performance of its obligations under this Contract all Gas produced from the Husky Assets provided that Seller need not deliver to Buyer such Gas as may be used, consumed or lost in the operation of the Husky Assets in accordance with accepted oil and gas industry practices. Seller shall not, on any Day during the Delivery Period, sell, trade, assign or otherwise transfer or dispose of any Gas produced from the Husky Assets other than to the Buyer hereunder.

**5. Cooperation/Provision of Husky Assets Production Information**

5.1. Seller shall cooperate with Buyer to enable Buyer to provide accurate and effective nominations pursuant to the Nominating Agency Agreement which cooperation shall include, but not be limited to, the provision by Seller of daily well production information in respect of the Husky Assets and, if requested by Buyer, access to Seller metering facilities in respect of the Husky Assets.

**6. Supercedes Long Form Confirmation**

6.1. This Transaction Confirmation, together with the Base Contract completely supercedes, extinguishes and replaces the long form Transaction Confirmation dated July 28, 2016 between Seller and Buyer (the "Long Form Confirmation") and the parties hereto acknowledge that any and all volumes of Gas delivered pursuant to the Long Form Confirmation shall be deemed to have been delivered pursuant to this Transaction Confirmation.

SELLER	PARTY	BUYER
_____	Signature	<u>Twin Eagle</u>
_____	Name	<u>[Signature]</u>
_____	Title	<u>Executive Vice</u>
_____	Date	<u>EVP, COO</u>
_____		<u>8.17.16</u>

The Base Contract is entered into as of the following date: August 23, 2016  
The parties to the Base Contract are the following:

PARTY A

Abbey Resources Corp.  
Suite 700  
505 - 3rd Street SW  
Calgary  
Alberta  
T2P 3E6

Canadian Western Bank  
606 - 4th Street SW  
101001792963  
CWB is not a swift member

Jim Feltis  
(403) 288-4642

PARTY B

Twin Eagle Resource Management  
Canada, LLC  
8847 W. Sam Houston Pkwy N.  
Houston  
Texas  
77040

BANKING INFORMATION

Bank  
Branch  
Account  
Swift #

NOTICES

Contact  
Phone  
Fax

Confirmation Department  
(713) 341-7300  
(713) 341-7392

24 HOUR OPERATIONS

Contact  
Phone  
Fax

INVOICES & PAYMENTS


Contact  
Phone  
Fax

The Base Contract incorporates by reference for all purposes the General Terms and Conditions of the GasEDI Base Contract for Sale and Purchase of Natural Gas as published by GasEDI on August 31, 2005. The parties agree to the following provisions offered in the General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply.

Section 1.2.a: Confirming Party shall Confirm <input checked="" type="checkbox"/> All Transactions (default) <input type="checkbox"/> All Transactions having a Delivery Period equal to or greater than _____ Days	Section 6.1: Taxes <input checked="" type="checkbox"/> Buyer Pays At and After Delivery Point (default) <input type="checkbox"/> Seller Pays Before and At Delivery Point
Section 2: Confirm Deadline <input checked="" type="checkbox"/> 2 Business Days after receipt (default) <input type="checkbox"/> _____ Business Days after receipt	Section 7.2.a: Payment Date <input checked="" type="checkbox"/> Closest Business Day to Payment Date (default) <input type="checkbox"/> Next Business Day following Payment Date
Section 2: Confirming Party <input checked="" type="checkbox"/> Seller (default) <input type="checkbox"/> Buyer _____	Section 7.2: Method of Payment <input checked="" type="checkbox"/> WT - Wire Transfer (default) <input type="checkbox"/> ACH - Automated Clearinghouse - Credit Only <input type="checkbox"/> Cheque / Check <input type="checkbox"/> EFT - Electronic Funds Transfer <input type="checkbox"/> FED - Financial Electronic Data Interchange
Section 3.2: Performance Obligation <input checked="" type="checkbox"/> Cover Standard (default) <input type="checkbox"/> Spot Price Standard  Note: The following Spot Price Publication applies to both of the immediately preceding: <input type="checkbox"/> Canadian Gas Price Reporter (default) _____ <input type="checkbox"/> Gas Daily Mid Point _____ <input type="checkbox"/> _____	Section 11.2: Force Majeure: <input checked="" type="checkbox"/> Option A (default) <input type="checkbox"/> Option B  Option B, Section 11.2.b Liquid Delivery Points: _____ _____
Section 3.3: Termination Right <input checked="" type="checkbox"/> Does Not Apply (default) <input type="checkbox"/> Applies	Section 14.5: Choice of Jurisdiction: <input checked="" type="checkbox"/> Alberta (default) <input type="checkbox"/> _____  <input checked="" type="checkbox"/> Special Provisions <u>8</u> pages attached <input type="checkbox"/> Credit Annex _____ pages attached

IN WITNESS WHEREOF, the parties hereto have executed the Base Contract in duplicate.

PARTY A

Abbey Resources Corp.  
  
Jim Gethis  
President  
9/6/16

PARTY  
 Signature  
 Name  
 Title  
 Date

PARTY B

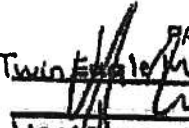
Twin Eagle Management Canada, LLC  
  
Vaughan Torrie  
Vice President  
9/2/16



TABLE OF CONTENTS

SECTION 1 - PURPOSE AND PROCEDURES ..... 1  
SECTION 2 - DEFINITIONS ..... 2  
SECTION 3 - PERFORMANCE OBLIGATION ..... 7  
SECTION 4 - TRANSPORTATION, NOMINATIONS AND IMBALANCES ..... 8  
SECTION 5 - QUALITY AND MEASUREMENT ..... 8  
SECTION 6 - TAXES ..... 9  
SECTION 7 - INVOICING, PAYMENT AND AUDIT ..... 10  
SECTION 8 - TITLE, WARRANTY AND INDEMNITY ..... 11  
SECTION 9 - NOTICES ..... 11  
SECTION 10 - FINANCIAL RESPONSIBILITY, DEFAULTS AND REMEDIES ..... 12  
SECTION 11 - FORCE MAJEURE ..... 14  
SECTION 12 - TERM ..... 15  
SECTION 13 - LIMITATIONS ..... 15  
SECTION 14 - MISCELLANEOUS ..... 16

SECTION 1 - PURPOSE AND PROCEDURES

1.1 These General Terms and Conditions are intended to facilitate Transactions on a Firm or Interruptible basis.

1.2.a Any Transaction may be effected orally or electronically with the offer and acceptance constituting the valid, binding and enforceable agreement of the parties. The parties are legally bound from the time the Transaction is effected. Any such Transaction is considered a "writing" and to have been "signed". Notwithstanding the previous sentence, the Confirming Party shall confirm those Transactions requiring written confirmation pursuant to the selection made on the Cover Sheet by sending the other party a Transaction Confirmation by facsimile or mutually agreeable electronic means by the close of the 3<sup>rd</sup> Business Day following the Day on which the Transaction is effected. Confirming Party adopts its confirming letterhead or the like as its signature on any Transaction Confirmation and as the identification and authentication of Confirming Party.

1.2.b If a Transaction Confirmation sent by Confirming Party is materially different from the other party's understanding of the agreement referred to in Section 1.2.a, that other party shall give Confirming Party Notice clearly identifying such difference on Confirming Party's Transaction Confirmation and return the annotated Transaction Confirmation to the Confirming Party by the Confirm Deadline. The failure of the other party to so notify Confirming Party by the Confirm Deadline is further evidence of the agreement between the parties and constitutes the other party's acknowledgement that the terms of the Transaction described in Confirming Party's Transaction Confirmation are accurate. If the Transaction Confirmation contains any provisions other than those relating to the commercial terms of the Transaction (i.e. Buyer, Seller, Contract Price, Contract Quantity, performance obligation, Delivery Point, Delivery Period and transportation conditions), which modify or supplement the Base Contract, such provisions shall not be deemed to be accepted pursuant to this Section 1.2.b unless expressly agreed to in writing by both parties; provided that the foregoing shall not invalidate any Transaction agreed to by the parties.

1.2.c If a Transaction Confirmation is required pursuant to Section 1.2.a and the other party does not receive a Transaction Confirmation from Confirming Party by the deadline set out in Section 1.2.a, then the other party may notify Confirming Party by sending its own Transaction Confirmation by the close of the Business Day following the deadline set out in Section 1.2.a. If a Transaction Confirmation sent by the other party is materially different from Confirming Party's understanding of the agreement referred to in Section 1.2.a, Confirming Party shall give the other party Notice clearly identifying such difference on the other party's Transaction Confirmation and return the annotated Transaction Confirmation to the other party by the Confirm Deadline. The failure of Confirming Party to so notify the other party by the Confirm Deadline is further evidence of the agreement between the parties and constitutes the Confirming Party's acknowledgement that the terms of the Transaction described in the other party's Transaction Confirmation are accurate. If the other party does not receive a Transaction Confirmation from Confirming Party by the deadline set out in Section 1.2.a and the other party does not send its own Transaction Confirmation as provided for in this Section 1.2.c, the absence of a Transaction Confirmation in respect of a particular Transaction does not negate the existence of such Transaction.

1.2.d The entire agreement between the parties shall be those provisions contained in an effective Transaction Confirmation, a Transaction entered into by the parties either orally or electronically and the Base Contract. In the event of a conflict among the foregoing, the terms shall govern in the following priority: (i) an effective Transaction Confirmation; (ii) a Transaction entered into by the parties either orally or electronically; (iii) the Credit Annex, if any; (iv) the Special Provisions, if any; and (v) the balance of the Base Contract. All Transactions are entered into in reliance on the fact that the Base Contract, each Transaction Confirmation and each Transaction constitute a single integrated agreement between the parties and the parties would not otherwise have entered into the Base Contract or any Transaction.

1.3 Communications occurring via a telephone conversation may be recorded by either party and each party consents to same without further notice to, or consent from, the other party. Each party shall, to the extent required by applicable law, give notice to, and obtain consent from, each of its employees, contractors and other representatives who may have their communications recorded. Any recordings of communications relevant to a Transaction may be used as evidence in any legal, arbitration or other dispute resolution procedure, and the parties hereby expressly waive all rights to, and expressly agree not to, contest or otherwise argue against such use of any recordings relevant to the disputed Transaction.

1.4 Each party shall be entitled, upon reasonable request, to access the other party's recording(s), if any, associated with a disputed Transaction.

1.5 The parties hereby expressly waive all rights to, and expressly agree not to, contest any Transaction, or assert or otherwise raise any defences or arguments related to any Transaction to the effect that such is not binding, valid or enforceable in accordance with its terms because either the employee(s) or representative(s) who entered into the Transaction on behalf of a party, and who appeared to have the requisite authority to do so, did not, in fact, have such authority or because the provisions of certain applicable laws require the Transaction to be in writing and/or executed by one or both parties.

## SECTION 2 - DEFINITIONS

2.1 The following terms, when used in this Contract, have the following meanings:

"10<sup>3</sup>m<sup>3</sup>" means the quantity of Gas occupying a volume of 1000 cubic metres at a temperature of 15 degrees Celsius and at a pressure of 101.325 kilopascals absolute.

"Accelerated Payment Invoice" has the meaning set forth in Section 7.7.

"Affected Transaction" means a Firm Transaction with a Delivery Period of at least 30 Days in respect of which there has occurred that number of Failure Days that is equal to the greater of (i) 4 Days; or (ii) 5% of the number of Days in the Delivery Period.

"Affiliate" of any person, including, without limitation, a partnership, means a person, including, without limitation, a partnership, which directly or indirectly, controls, is controlled by, or is under common control with such person. For the purpose of this definition "control" means control in fact, whether by ownership of sufficient voting securities to elect a majority of the directors of a corporation, by owning sufficient partnership interest in an ordinary partnership, by being the general partner of a limited partnership, by contract or otherwise and "person" includes an individual, a partnership (including, without limitation, a limited partnership and a limited liability partnership), a corporation (including, without limitation, a limited liability corporation), an unlimited company, a joint stock company, a trust, a joint venture, an unincorporated organization, a union, a government or any department or agency of a government, and the heirs, executors, administrators or other legal representatives of an individual.

"Base Contract" means the Cover Sheet, these General Terms and Conditions, any Special Provisions, and any Credit Annex.

"British Thermal Unit" or "Btu" means the International Btu, which is also called the Btu(IT).

"Business Day" means any day except Saturday, Sunday, or a statutory or banking holiday observed in the jurisdiction of the receiving party's address for Notices as provided pursuant to Section 9.1. A Business Day closes at 5:00 p.m. local time for the receiving party's address for Notices as provided pursuant to Section 9.1.

"Buyer" refers to the party receiving Gas pursuant to a Transaction.

"Claiming Party" means the party claiming a suspension of its obligations due to Force Majeure.

"Claims" has the meaning set forth in Section 8.3.

"Confirm Deadline" means 5:00 p.m. in the receiving party's time zone on the Business Day selected on the Cover Sheet; provided that, if a Transaction Confirmation is received after 5:00 p.m. in the receiving party's time zone, it shall be deemed received at the opening of the next Business Day.

"Confirming Party" means the party selected on the Cover Sheet to prepare and forward Transaction Confirmations to the other party.

"Contract" means the legally-binding relationship established by (i) the Base Contract, (ii) any and all effective Transaction Confirmations, and (iii) any and all Transactions entered into by the parties either orally or electronically.

"Contract Price" means: (i) if the Delivery Point is in the United States, the amount expressed in U.S. dollars per MMBtu or U.S. dollars per Dekatherm; or (ii) if the Delivery Point is in Canada, the amount expressed in Canadian dollars per GJ; unless specified otherwise in a Transaction.

"Contract Quantity" means the quantity of Gas to be delivered and received each Day pursuant to a Transaction.

"Contract Value" of a Transaction means the net present value (applying the Present Value Discount Rate) of the product of (i) the quantity of Gas remaining under a Transaction which the parties are obligated to transact, multiplied by (ii) the Contract Price.

"Costs" means all reasonable costs, legal fees and expenses incurred by the Non-Defaulting Party to replace a Transaction(s) or in connection with termination of a Transaction(s) pursuant to Section 10, including, without limitation, legal fees as between a solicitor and its client, brokerage fees, commissions and expenses incurred in maintaining, replacing or liquidating any terminated Transactions.

"Cover Sheet" means the completed Cover Sheet executed by the parties.

"Cover Standard" means, if there is an unexcused failure to take or deliver the Contract Quantity pursuant to a Transaction, then the Performing Party shall use commercially reasonable efforts to purchase Gas, or sell Gas, at a price reasonable for the delivery or production area, as applicable, consistent with: (i) the amount of notice provided by the Non-Performing Party; (ii) the immediacy of Buyer's Gas consumption needs or Seller's Gas sales requirements, as applicable; (iii) the quantities involved; and (iv) the anticipated length of failure by the Non-Performing Party.

"Credit Annex" means any credit support agreement as may be attached to the Cover Sheet.

"Day" means 9:00 a.m. to 9:00 a.m. central clock time.

"Defaulting Party" has the meaning set forth in Section 10.3.

"Dekatherm" means one million British Thermal Units.

"Delivery Period" means the period during which deliveries are to be made pursuant to a Transaction.

"Delivery Point(s)" means the point(s) of delivery and receipt of Gas pursuant to a Transaction.

"Early Termination Date" has the meaning set forth in Section 10.3.

"EFP" means the purchase, sale or exchange of natural Gas as the "physical" side of an exchange for physical transaction involving gas futures contracts. EFP shall incorporate the meaning and remedies of "Firm".

"ETA" means the Excise Tax Act (Canada).

"Event of Default" means (i) the failure to make payment when due under this Contract, which is not remedied within 2 Business Days after receiving Notice of such failure (except for a failure to pay an Accelerated Payment Invoice which shall immediately constitute an Event of Default); (ii) in respect of a party or its guarantor, if applicable, the making of an assignment or any general arrangement for the benefit of creditors, the filing of a petition or otherwise commencing, authorizing, or acquiescing in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors or having such petition filed or proceeding commenced against it, any bankruptcy or insolvency (however evidenced), or the inability to pay debts as they fall due; (iii) the failure to provide and maintain Performance Assurance in accordance with Section 10.1.a; (iv) any default under the Credit Annex (if applicable); or (v) the failure to perform any material obligation under this Contract (other than an obligation which is specifically covered in this definition as a separate Event of Default or is covered under Section 3.2), if not remedied within 5 Business Days after receiving Notice of such failure.

"Failure Day" means a Day on which the Non-Performing Party has failed to purchase and receive, or sell and deliver, as applicable, the greater of (i) 500 GJs or 500 MMBtus, as applicable; or (ii) 4% of the Contract Quantity to be purchased and received or sold and delivered on such Day, which failure is not excused because of the Non-Performance (non-delivery or non-receipt, as applicable) of the Performing Party, or by Force Majeure.

"Final Liquidation Amount" has the meaning set forth in Section 10.4.c.

"Firm" means that either party may interrupt its performance under a Transaction without liability (other than liability with respect to Imbalance Charges imposed pursuant to Section 4.3 or 11.5) only to the extent that such performance is excused by the other party's Non-Performance, by the exercise by a party of its suspension rights under Section 10, or by Force Majeure.

"Force Majeure" has the meaning set forth in Section 11.2.

"Gas" means any mixture of hydrocarbons and non-combustible gases in a gaseous state consisting primarily of methane.

"GJ" means 1 gigajoule; 1 gigajoule = 1,000,000,000 Joules. The standard conversion factor between Dekatherms and GJs is 1.055056 GJs per Dekatherm.

"GST" has the meaning set forth in Section 6.2.

"Imbalance Charges" means any fees, penalties, costs or charges (in cash or in kind) assessed by a Transporter for failure to satisfy the Transporter's balance and/or nomination requirements.

"Interest Rate" means the lower of: (i) if the amount payable is in Canadian currency, the per annum rate of interest identified from time to time as the prime lending rate charged to its most credit worthy customers for commercial loans by The Toronto Dominion Bank, Main Branch, Calgary, Alberta, Canada, plus 2 percent per annum, compounded monthly; or, if the amount payable is in United States currency, the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus 2 percent per annum, compounded monthly; or (ii) the maximum applicable lawful interest rate.

"Interruptible" means that either party may interrupt its performance at any time for any reason without liability (other than liability with respect to Imbalance Charges imposed pursuant to Section 4.3 or 11.5).

"Joule" means the joule specified in the SI system of units.

"Liquid Delivery Point" means a point so designated on the Cover Sheet.

"Market Price" means the amount established by either (i) a bona fide offer accepted by the Non-Defaulting Party from a third party in an arms-length negotiation for a replacement transaction or (ii) quotations obtained by the Non-Defaulting Party, in good faith, from 3 Reference Market Makers, where the arithmetic average of the 3 quotations shall be the Market Price. If such quotations are not readily available, or the quotations will not reflect comprehensive treatment of the pricing structure for Transactions terminated pursuant to Section 10.3(iii), as determined in the reasonable discretion of the Non-Defaulting Party, the Non-Defaulting Party shall determine the Market Price by considering any or all of the following: (A) the settlement prices of New York Mercantile Exchange Gas Futures Contracts; (B) similar sales or purchases of Gas; or (C) information available to it internally, including, without limitation, information on relevant rates, prices, yields, yield curves, volatilities, spreads and other relevant market data, provided that such information is of the same type used by the Non-Defaulting Party in the regular course of its business for the valuation of similar transactions, all adjusted to consider the remaining Delivery Period, remaining Contract Quantities, Delivery Point and differences in transportation costs. A party shall not be required to enter into a replacement transaction in order to determine the Market Price. Any extension(s) of the Delivery Period of a Transaction to which the parties are not bound as of the Early Termination Date (including, without limitation, "evergreen provisions") shall not be considered in determining the Market Price. For the avoidance of doubt, the value of any option pursuant to which one party has the right to extend the Delivery Period of a Transaction shall be included in determining the Market Price.

"Market Value" of a Transaction means the net present value (applying the Present Value Discount Rate) of the product of (i) the quantity of Gas remaining under a Transaction pursuant to which the parties are obligated to transact, multiplied by (ii) the Market Price for a similar transaction taking into consideration the nature of the obligation and the remaining Delivery Period, remaining Contract Quantities and Delivery Point.

"MMBtu" means one million British Thermal Units which is equivalent to one Dekatherm.

"Month" means the period beginning on the first Day of the calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.

"Net Settlement Amount" has the meaning set forth in Section 10.4.b.

"NIT" means NOVA Inventory Transfer.

"Nomination Change Period" means a reasonable period of time to change a nomination, taking into account the applicable Transporter's nomination deadline(s), after receipt of an operational notice pursuant to Section 4.2 or a notification pursuant to Section 11.5, as applicable.

"Non-Defaulting Party" has the meaning set forth in Section 10.3.

"Non-Performance" means the failure by a party to purchase and receive, or sell and deliver, Gas as required by any Transaction under this Contract, which failure is not excused by: (i) the non-performance (non-delivery or non-receipt, as applicable) of the other party; (ii) the exercise by a party of its suspension rights under Section 10; or (iii) Force Majeure.

"Non-Performing Party" means a party in relation to which a Non-Performance has occurred.

"Notice" has the meaning set forth in Section 9.1.

"NOVA" means NOVA Gas Transmission Ltd., or any successor company.

"Payee" has the meaning set forth in Section 10.2.

"Payment Date" means the 25<sup>th</sup> day of the Month following the Month of delivery.

"Payer" has the meaning set forth in Section 10.2.

"Performance Assurance" means support in the form, amount and term reasonably specified by the party demanding Performance Assurance, including, without limitation, a standby irrevocable letter of credit, a prepayment, a security

interest in an asset acceptable to the party demanding Performance Assurance or a performance bond or guarantee by an entity acceptable to the party demanding Performance Assurance.

"Performing Party" means, if a Non-Performance has occurred, the party which is not the Non-Performing Party.

"Present Value Discount Rate" means with respect to any Transaction: (i) if the amount payable is in Canadian currency, the yield of Canadian Government Treasury Bills with a term closest to the time remaining in the Delivery Period, plus 100 basis points; or (ii) if the amount payable is in United States currency, the "Ask Yield" interest rate for United States Government Treasury notes as quoted in the "Treasury Bonds, Notes, and Bills" section of the Wall Street Journal most recently published with a term closest to the time remaining in the Delivery Period, plus 100 basis points.

"PST" has the meaning set forth in Section 6.2.

"Receiving Transporter" means the Transporter receiving Gas at a Delivery Point, or absent such receiving Transporter, the Transporter delivering Gas at a Delivery Point.

"Reference Market Makers" means leading dealers in the physical gas trading market or the energy swap market, which are not Affiliates of either party, selected by the Non-Defaulting Party from among dealers of the highest credit standing, which satisfy all the criteria that such party applies generally at the time in deciding whether to offer or to make an extension of credit.

"Scheduled Gas" means the quantity of Gas confirmed by Transporter(s) for movement, transportation or management.

"Seller" refers to the party delivering Gas pursuant to a Transaction.

"Special Provisions" means any written amendment to the Cover Sheet and/or these General Terms and Conditions as may be attached to the Cover Sheet.

"Spot Price" means the price listed in the publication specified by the parties on the Cover Sheet, under the listing applicable to the geographic location closest in proximity to the Delivery Point(s) for the relevant Day; provided, if there is no single price published for such location for such Day, but there is published a range of prices, then the Spot Price shall be the average of such high and low prices. If no price or range of prices is published for such Day, then the Spot Price shall be the average of the following: (i) the price (determined as stated above) for the first Day for which a price or range of prices is published that immediately precedes the relevant Day; and (ii) the price (determined as stated above) for the first Day for which a price or range of prices is published that next follows the relevant Day.

"Taxes" has the meaning set forth in Section 6.1.

"Termination Payment" for a Transaction means the difference between the Market Value and the Contract Value as of the Early Termination Date. If the Non-Defaulting Party is Seller under that Transaction and: (i) the Market Value is greater than the Contract Value, then the Termination Payment in respect of that Transaction will be positive (gain); or (ii) if the Market Value is less than the Contract Value, the Termination Payment in respect of that Transaction will be negative (loss). If the Non-Defaulting Party is Buyer under that Transaction and: (A) the Contract Value is greater than the Market Value, the Termination Payment in respect of that Transaction will be positive (gain); or (B) if the Contract Value is less than the Market Value, the Termination Payment in respect of that Transaction will be negative (loss). Any loss with respect to a Transaction will be owed by the Defaulting Party to the Non-Defaulting Party and any gain with respect to a Transaction will be owed by the Non-Defaulting Party to the Defaulting Party.

"Termination Right" means the right of the Performing Party to terminate an Affected Transaction in the circumstances described in Section 3.3, if the parties have selected this option as indicated on the Base Contract.

"Transaction" means any Gas sale, purchase or exchange agreement effected pursuant to the Base Contract.

"Transaction Confirmation" means a document, similar to the form of Exhibit A, setting forth the terms of a Transaction.

"Transporter(s)" means all Gas gathering or pipeline companies, or local distribution companies, acting in the capacity of a transporter, transporting Gas for Seller or Buyer upstream or downstream, respectively, of the Delivery Point pursuant to a Transaction.

"Uncovered Gas" has the meaning set forth in Section 3.2.

"Unpaid Amounts" has the meaning set forth in Section 10.4.a.

### SECTION 3 - PERFORMANCE OBLIGATION

3.1 Seller agrees to sell and deliver, and Buyer agrees to purchase and receive, the Contract Quantity for each Transaction in accordance with the terms of this Contract. Sales and purchases will be on a Firm or Interruptible basis, as agreed in each Transaction.

The parties have selected either the "Cover Standard" version or the "Spot Price Standard" version as indicated on the Cover Sheet.

#### Cover Standard:

3.2 In the event of a breach of a Firm obligation, the Performing Party shall be entitled to recovery of the following for each Day that the breach occurs: (i) in the event of a breach by Seller on any Day, payment by Seller to Buyer in an amount equal to the difference between the Contract Quantity and the quantity of Gas actually delivered by Seller for such Day, multiplied by the positive difference, if any, obtained by subtracting the Contract Price from the price paid by Buyer utilizing the Cover Standard for replacement Gas, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s); or (ii) in the event of a breach by Buyer on any Day, payment by Buyer to Seller in an amount equal to the difference between the Contract Quantity and the quantity of Gas actually received by Buyer for such Day, multiplied by the positive difference, if any, obtained by subtracting the price received by Seller utilizing the Cover Standard for the sale of such Gas from the Contract Price, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s); provided that, in the event that Buyer has used commercially reasonable efforts to purchase Gas from a third party or Seller has used commercially reasonable efforts to sell Gas to a third party, and no such purchase or sale for all or any portion of such Gas is available ("Uncovered Gas"), then the price paid by Buyer utilizing the Cover Standard or the price received by Seller utilizing the Cover Standard, as applicable, for the Uncovered Gas shall be deemed to be the Spot Price. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The recovery of the amount calculated above shall, to the extent such amount is paid, be the sole and exclusive remedy of the Performing Party for a breach of a Firm obligation.

#### Spot Price Standard:

3.2 In the event of a breach of a Firm obligation, the Performing Party shall be entitled to recovery of the following for each Day that the breach occurs: (i) in the event of a breach by Seller on any Day, payment by Seller to Buyer in an amount equal to the difference between the Contract Quantity and the quantity of Gas actually delivered by Seller for such Day, multiplied by the positive difference, if any, obtained by subtracting the Contract Price from the Spot Price; or (ii) in the event of a breach by Buyer on any Day, payment by Buyer to Seller in an amount equal to the difference between the Contract Quantity and the quantity of Gas actually received by Buyer for such Day, multiplied by the positive difference, if any, obtained by subtracting the Spot Price from the Contract Price. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The recovery of the amount calculated above shall, to the extent such amount is paid, be the sole and exclusive remedy of the Performing Party for a breach of a Firm obligation.

The parties have selected either the Termination Right "Does Not Apply" or "Applies" as indicated on the Cover Sheet.

3.3 In addition to the rights set out in Sections 3.2 and 10, unless otherwise specified on the applicable Transaction Confirmation, a Performing Party shall have the right ("Termination Right") to terminate, accelerate and liquidate an Affected Transaction by providing Notice to the Non-Performing Party designating an Early Termination Date, which date shall be between 1 and 5 Business Days following the most recent Non-Performance causing the Affected Transaction, but no earlier than the effective date of the Notice, on which date the Affected Transaction shall terminate. Following the exercise of its Termination Right, the Performing Party shall calculate the Termination Payment in respect of the Affected Transaction, which amount shall be paid in accordance with Section 10.4, all as if an Early Termination Date had occurred, the Affected Transaction was the only Transaction, the Performing Party was the Non-Defaulting Party and the Non-Performing Party was the Defaulting Party. The exercise of the Termination Right shall not be deemed to be an Event of Default or similar default with respect to the Affected Transaction, any other Transactions or any other agreement between the parties. If the Performing Party fails to provide Notice to exercise its Termination Right within 5 Business Days of the occurrence of the last Non-Performance that gave rise to that Termination Right, the Termination Right shall expire, but without prejudice to any Termination Right that may subsequently arise upon the occurrence of a further Non-Performance in respect of that Transaction.

#### SECTION 4 - TRANSPORTATION, NOMINATIONS AND IMBALANCES

4.1 Seller shall have the sole responsibility for transporting the Gas to the Delivery Point(s) and for delivering such Gas at a pressure sufficient to effect such delivery but not to exceed the maximum operating pressure of the Receiving Transporter. Buyer shall have the sole responsibility for transporting the Gas from the Delivery Point(s).

4.2 The parties shall coordinate their Gas nomination and scheduling activities, giving sufficient time to meet the deadlines of the affected Transporter(s). Each party shall give the other party timely prior operational notice, sufficient to meet the requirements of all Transporter(s) involved in the Transaction, of the quantities of Gas to be delivered and purchased each Day. Such operational notice may be made by any mutually agreeable means, including, without limitation, phone, fax and email. Should either party become aware that actual deliveries at the Delivery Point(s) are greater or lesser than the Scheduled Gas, such party shall promptly notify the other party.

4.3 The parties shall use commercially reasonable efforts to avoid the imposition of any Imbalance Charges. If a party receives an invoice from a Transporter that includes Imbalance Charges, the parties shall determine the validity as well as the cause of such Imbalance Charges. Imbalance Charges are payable by the party that caused such Imbalance Charges. Notwithstanding the provisions of Sections 10.2, 10.3 and 11.5, if the other party had sufficient ability to avoid any Imbalance Charges through a revision of the nomination with the Transporter during the Nomination Change Period, then that other party shall be deemed to have caused such Imbalance Charges. A party shall be reimbursed promptly by the other party if that party pays Imbalance Charges that were caused by the other party.

#### SECTION 5 - QUALITY AND MEASUREMENT

5.1 All Gas delivered by Seller shall meet the quality and heat content requirements of the Receiving Transporter. The unit of quantity measurement for purposes of this Contract shall be specified as one MMBtu dry, one Dekatherm dry, one GJ or one  $10^3\text{m}^3$ . Measurement of Gas quantities under this Contract shall be in accordance with the established procedures of the Receiving Transporter.



SECTION 6 - TAXES

The parties have selected either the "Buyer Pays At and After Delivery Point" version or the "Seller Pays Before and At Delivery Point" version as indicated on the Cover Sheet.

Buyer Pays At and After Delivery Point:

6.1 Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses, interest or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas at the Delivery Point(s) and all Taxes after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility under this Contract, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation.

Seller Pays Before and At Delivery Point:

6.1 Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses, interest or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s) and all Taxes at the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas after the Delivery Point(s). If a party is required to remit or pay Taxes which are the other party's responsibility under this Contract, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation.

6.2 The Contract Price does not include any amounts payable by Buyer for the goods and services tax or harmonized sales tax (collectively "GST") imposed pursuant to the ETA or any similar or replacement value added or sales or use tax enacted under successor legislation, or any provincial sales tax ("PST") imposed by a province. Notwithstanding the selection made pursuant to Section 6.1, Buyer shall pay to Seller the amount of GST and PST payable for the purchase of Gas in addition to all other amounts payable under this Contract. Seller shall hold the GST and PST paid by Buyer and shall remit such GST and PST as required by law. Buyer and Seller shall provide each other with the information required to make such GST or PST remittance or claim any corresponding input tax credits, including, without limitation, GST and PST registration numbers.

6.3.a Where Buyer is not registered for GST under the ETA and Buyer provides a written undertaking to Seller that Gas will be exported from Canada, Buyer may request Seller treat such Gas as "zero-rated" Gas for export within the meaning of the ETA for invoicing purposes. If Seller, in its sole discretion, agrees to so treat such Gas, then Buyer hereby declares, covenants, represents and warrants to Seller that Buyer shall: (i) export such Gas as soon as is reasonably possible after Seller delivers such Gas to Buyer (or after such Gas is delivered to Buyer after a zero-rated storage service under the ETA) having regard to the circumstances surrounding the export and, where applicable, normal business practice; (ii) not have acquired such Gas for consumption or use in Canada (other than as fuel or compressor gas to transport such Gas by pipeline) or for supply in Canada (other than to supply natural gas liquids or ethane, the consideration for which is deemed by the ETA to be nil) before export of such Gas; (iii) ensure that, after such Gas is delivered and before export, such Gas is not further processed, transformed or altered in Canada (except to the extent reasonably necessary or incidental to its transportation and other than to recover natural gas liquids or ethane from such Gas at a straddle plant); (iv) maintain on file, and provide to Seller, if required, or to the Canada Revenue Agency, if requested, evidence satisfactory to the Minister of National Revenue of the export of such Gas by Buyer; and/or (v) comply with all other requirements prescribed by the ETA for a zero-rated export of such Gas.

6.3.b Where Buyer is registered for GST under the ETA and Buyer provides to Seller a declaration in writing that Buyer intends to export Gas from Canada by means of pipeline or other conduit in circumstances described in Section 6.3.a (i) to (iii), such Gas shall be "zero-rated" within the meaning of the ETA unless Seller knows or has reason to believe that such circumstances will not prevail.

6.3.c Without limiting the generality of Section 8.3, Buyer indemnifies Seller for any GST, penalties and interest and all other damages and costs of any nature arising from breach of the declarations, covenants, representations and warranties contained in Section 6.3.a or 6.3.b, or otherwise, from application of GST to Gas declared, covenanted, represented and warranted by Buyer to be acquired for export from Canada.

GasEDI BASE CONTRACT FOR SALE AND PURCHASE OF NATURAL GAS

GENERAL TERMS AND CONDITIONS  
Copyright © 2005 by GasEDI, All Rights Reserved

Page 10 of 18  
August 31, 2005

6.4 Notwithstanding the selection made pursuant to Section 6.1, where Gas is imported into Canada by pipeline or other conduit, the person for whose account the Canadian Transporter received custody from the American Transporter shall act as importer for purposes of the Customs Act (Canada) and pay any GST or duties owing pursuant to the importation.

6.5 In the event that any amount becomes payable pursuant to this Contract as a result of a breach, modification or termination of this Contract, the amount payable shall be increased by any applicable Taxes, GST and PST remittable by the recipient in respect of that amount.

**SECTION 7 - INVOICING, PAYMENT AND AUDIT**

7.1 On or before the 15<sup>th</sup> day of each Month, Seller shall invoice Buyer for Gas delivered and received in the preceding Month and for any other amounts payable under this Contract arising in or before the preceding Month, including, without limitation, Imbalance Charges, and shall provide supporting documentation acceptable in industry practice to support the amount payable. If the actual quantity of Gas delivered and received in the preceding Month is not known by Seller by the invoice date, Seller will prepare the invoice based on the quantity of Scheduled Gas. The invoiced quantity of Gas will then be adjusted to the actual quantity of Gas on the following Month's invoice or as soon thereafter as actual delivery and receipt information is available.

The parties have selected either "Closest Business Day to Payment Date" or "Next Business Day following Payment Date" as indicated on the Cover Sheet.
--

Closest Business Day to Payment Date:
---------------------------------------

7.2.a Buyer shall remit the amount due in the manner specified on the Cover Sheet, in immediately available funds, on or before the later of the Payment Date or 10 days after receipt of the invoice by Buyer; provided that: if the Payment Date falls on a Sunday, or a Monday which is not a Business Day, payment is due on the next following Business Day; and if the Payment Date falls on a Saturday, or a weekday, other than a Monday, which is not a Business Day, payment is due on the immediately preceding Business Day.
--

Next Business Day following Payment Date:
---

7.2.a Buyer shall remit the amount due in the manner specified on the Cover Sheet, in immediately available funds, on or before the later of the Payment Date or 10 days after receipt of the invoice by Buyer; provided that: if the Payment Date is not a Business Day, payment is due on the next following Business Day.
--

7.2.b If Buyer, in good faith, disputes the amount of any invoice or any part of such invoice, Buyer will pay to Seller such amount as Buyer concedes to be correct; provided that, if Buyer disputes the amount due, Buyer must provide, by the Payment Date, supporting documentation acceptable in industry practice to support the amount paid or disputed. Within 3 Business Days following resolution of the invoice dispute, any underpayments or overpayments shall be paid or refunded with accrued interest at the Interest Rate for the period from the date of underpayment or overpayment until paid.

7.3 In the event any payments are due Buyer under this Contract, payment to Buyer shall be made in accordance with this Section 7 *mutatis mutandis*.

7.4 If a party fails to remit the full amount payable by it when due, interest at the Interest Rate on the unpaid portion shall accrue from the date due until the date of payment.

7.5 Payment shall be made in the currency of the Contract Price.

7.6 The parties shall net all same currency amounts due and owing, and/or past due, arising under this Contract such that the party owing the greater amount shall make a single payment of the net amount to the other party in accordance with Section 7; provided that no payment required to be made pursuant to the terms of the Credit Annex or any other credit support document or agreement shall be subject to netting under this or any other provision of this

Contract. In the event that the parties have executed a separate netting agreement, the terms and conditions in that separate netting agreement shall prevail.

7.7 A Performing Party may accelerate the payment owed by the Non-Performing Party related to a Non-Performance by sending to the Non-Performing Party an invoice ("Accelerated Payment Invoice") for the amounts due it under Section 3.2, setting forth the calculation of such amounts and a statement that pursuant to this Section 7.7 such amount is due in 3 Business Days. If the Performing Party does not deliver an Accelerated Payment Invoice, amounts payable pursuant to Section 3.2 shall be invoiced and payable in accordance with Sections 7.1 and 7.2. The Non-Performing Party must pay the Accelerated Payment Invoice when due and the Non-Performing Party: (i) shall not be entitled to net amounts owed to it under this Contract by the Performing Party against its obligation to make payment on an Accelerated Payment Invoice; and (ii) shall, notwithstanding Section 7.2, pay the full amount of the Accelerated Payment Invoice despite any dispute it may have as to the amount owing under such Accelerated Payment Invoice. To the extent any disputed amount is subsequently resolved in favour of the Non-Performing Party, the Performing Party shall promptly pay such amount to the Non-Performing Party with accrued interest at the Interest Rate for the period from the date of dispute until the disputed amounts are paid in full.

7.8 A party shall have the right, at its own expense, upon reasonable notice and at reasonable times, to examine the books and records of the other party only to the extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made under this Contract. This examination right shall not be available with respect to proprietary information not directly relevant to Transactions. All invoices shall be conclusively presumed final and accurate unless objected to in writing, with adequate explanation and/or documentation, within two years after the Month of Gas delivery. All retroactive adjustments under Section 7 shall be paid in full by the party owing payment within 30 days of notice and substantiation of such inaccuracy.

#### SECTION 8 - TITLE, WARRANTY AND INDEMNITY

8.1 Unless otherwise specifically agreed, title to the Gas shall pass from Seller to Buyer at the Delivery Point(s). Seller shall have responsibility for and assume any liability with respect to the Gas prior to its delivery to Buyer at the specified Delivery Point(s). Buyer shall have responsibility for and assume any liability with respect to said Gas after its delivery to Buyer at the Delivery Point(s).

8.2 Seller warrants that Seller will have the right to convey and will transfer good and merchantable title to all Gas sold under this Contract and delivered by Seller to Buyer, free and clear of all liens, encumbrances, and claims.

8.3 Seller agrees to indemnify Buyer and save Buyer harmless from all losses, liabilities and claims, including, without limitation, reasonable legal fees, on a solicitor and its client basis, and costs of court ("Claims"), from any and all persons, arising from or out of claims of title, personal injury or property damage from said Gas or other charges thereon which attach before title passes to Buyer. Buyer agrees to indemnify Seller and save Seller harmless from all Claims, from any and all persons, arising from or out of claims regarding payment, personal injury or property damage from said Gas or other charges thereon which attach after title passes to Buyer.

8.4 Notwithstanding the other provisions of this Section 8, as between Seller and Buyer, Seller will be liable for all Claims to the extent that such arise from the failure of Gas delivered by Seller to meet the quality requirements of Section 5, or Seller's warranty obligations pursuant to Section 8.2.

#### SECTION 9 - NOTICES

9.1 All Transaction Confirmations, invoices, payments and other communications made pursuant to this Contract ("Notices") shall be in writing and made to the addresses for Notices specified by each party as indicated on the Cover Sheet or such addresses for Notices as specified from time to time by a party in a subsequent Notice.

9.2 Notices may be delivered personally or by courier, or sent by facsimile or mutually agreeable electronic means.

9.3 Notice is deemed made on the day of delivery if delivered personally or by courier, or on the day sent by facsimile or mutually agreeable electronic means, provided that in all such cases such day is a Business Day and the

Notice is received prior to 5:00 p.m. on such day. Otherwise, such Notice will be deemed made on the next following Business Day.

#### SECTION 10 - FINANCIAL RESPONSIBILITY, DEFAULTS AND REMEDIES

10.1.a If a party has reasonable grounds for insecurity regarding the payment, performance or enforceability of any obligation under this Contract, such party may demand Performance Assurance, whether or not an Event of Default or Non-Performance has occurred, which Performance Assurance shall be provided by the other party by (i) the end of the next Business Day after the demand is received if the demand is received by 12:00 noon on a Business Day, or (ii) the end of the 2<sup>nd</sup> Business Day after the demand is received if the demand is received after 12:00 noon on a Business Day. The Performance Assurance shall not exceed the Net Settlement Amount, calculated as of the date of the demand, as if all Transactions had been terminated. Notwithstanding the foregoing provisions of this Section 10.1.a, if the Non-Defaulting Party has designated an Early Termination Date, then the Defaulting Party may not demand Performance Assurance under this Section 10.1.a.

10.1.b The party demanding Performance Assurance may, until such Performance Assurance is provided, withhold any amounts owed to the other party under this Contract or any other agreement between the parties (whether or not yet due) and setoff against such withheld amounts any amounts owed to the party demanding Performance Assurance under this Contract (whether or not yet due).

10.2 If a party ("Payer") does not pay the other party ("Payee") any amount owed to Payee in accordance with Section 7, then Payee may, immediately upon giving Notice to Payer, exercise any or all of the following remedies: (i) suspend its performance under all Transactions under this Contract; (ii) withhold any amounts owed to Payer under this Contract or any other agreement between the parties (whether or not yet due); and (iii) setoff against such withheld amounts any amounts owed to Payee under this Contract (whether or not yet due). If Payee suspends its performance pursuant to this Section 10.2, Payee shall, for the period of the suspension, be entitled to damages calculated in accordance with Section 3.2, with Payee treated as the Performing Party under Section 3.2 for the purposes of this Section 10.2 and, for the purposes of Section 4.3, Payer shall be deemed to have caused any Imbalance Charges that accrue during the suspension period. If Payee has suspended performance under this Section 10.2 and Payer has paid all amounts owed to Payee in accordance with Section 7 and Payee has not designated an Early Termination Date pursuant to Section 10.3, then, promptly after such payment has been made, the parties shall resume performance under this Contract.

10.3 If an Event of Default occurs and is continuing with respect to a party ("Defaulting Party"), then the other party ("Non-Defaulting Party") shall have the right to exercise any or all of the following remedies: (i) if the Non-Defaulting Party has not previously suspended performance pursuant to Section 10.2, immediately upon giving Notice to the Defaulting Party, to suspend the Non-Defaulting Party's performance under all Transactions under this Contract; (ii) without Notice, to withhold or continue to withhold any amounts owed to the Defaulting Party under this Contract or any other agreement between the parties (whether or not yet due) and setoff against such withheld amounts any amounts owed the Non-Defaulting Party under this Contract (whether or not yet due); and (iii) to terminate, accelerate and liquidate all Transactions then outstanding (or not yet commenced) in accordance with the provisions of this Section 10 by providing Notice to the Defaulting Party designating an early termination date, which date shall be between 1 and 20 Business Days following the Event of Default but no earlier than the effective date of the Notice, on which date all such Transactions shall terminate ("Early Termination Date"). For the purposes of Section 4.3, if the Non-Defaulting Party suspends its performance under Section 10.3(i), the Defaulting Party shall be deemed to have caused any Imbalance Charges that accrue during the suspension period. If a Non-Defaulting Party has suspended performance under Section 10.2 or 10.3 and (A) the Defaulting Party remedies the Event of Default prior to receipt of Notice from the Non-Defaulting Party designating the Early Termination Date; or (B) the Defaulting Party does not remedy the Event of Default and the Non-Defaulting Party has not designated an Early Termination Date within such 20 Business Days, then the parties shall promptly thereafter resume performance under this Contract.

10.4.a As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner: (i) the amount owed (whether or not then due or invoiced) by each party with respect to all Gas delivered and received between the parties under all terminated Transactions on and before the Early Termination Date and all other amounts owing by each party to the other party under this Contract (including, without limitation, any amounts owing under Sections 3.2, 4.3 and 7.1) for which payment has not yet been made by the party that owes such

payment under this Contract ("Unpaid Amounts"), and (ii) the Termination Payment owed by one party to the other under each Transaction.

10.4.b The Non-Defaulting Party shall net or aggregate, as appropriate, all: (i) Termination Payments; (ii) Costs; and (iii) Unpaid Amounts, to a single liquidated amount payable by one party to the other party (the single resulting amount being the "Net Settlement Amount").

10.4.c At its sole option and without Notice to the Defaulting Party, the Non-Defaulting Party may net or setoff against any Net Settlement Amount owing by the Non-Defaulting Party to the Defaulting Party any amounts owing to the Non-Defaulting Party by the Defaulting Party under any other agreement between the parties (the single resulting amount being the "Final Liquidation Amount").

10.4.d If any amount to be included in the Final Liquidation Amount is unascertained, the Non-Defaulting Party may estimate in good faith the amount to be included, and once it is ascertained, the Final Liquidation Amount shall be subject to further adjustment by the Non-Defaulting Party, if applicable. Interest at the Interest Rate shall accrue on any underpayments or overpayments determined to have occurred from any such adjustment from the date of the underpayment or overpayment until paid.

10.4.e Once the Non-Defaulting Party has made the necessary calculations, it shall provide Notice to the Defaulting Party of the Final Liquidation Amount, setting forth in reasonable detail how such calculations were made together with supporting documentation. Failure to give such Notice shall not affect the validity or enforceability of the Final Liquidation Amount or give rise to any claim by the Defaulting Party against the Non-Defaulting Party for failure to give such Notice.

10.4.f The Final Liquidation Amount shall be paid: (i) if due from the Defaulting Party to the Non-Defaulting Party, by the Defaulting Party within 2 Business Days of Notice of the Final Liquidation Amount; or (ii) if due from the Non-Defaulting Party to the Defaulting Party, by the Non-Defaulting Party on the 25<sup>th</sup> day of the Month following the Month in which the Early Termination Date occurs. The Final Liquidation Amount, if payable by the Defaulting Party, shall be paid in full by the Defaulting Party, even if all or any part of the Final Liquidation Amount is in dispute. To the extent any disputed amount is subsequently resolved in favour of the Defaulting Party, the Non-Defaulting Party shall promptly pay such amount to the Defaulting Party with accrued interest at the Interest Rate for the period from the date of dispute until the disputed amounts are paid in full.

10.4.g With respect to this Section 10, if the parties have executed a separate netting agreement, the terms and conditions set forth in that separate netting agreement concerning the calculation of the Final Liquidation Amount shall prevail to the extent they are inconsistent with the provisions of this Contract.

10.4.h Upon the designation of an Early Termination Date in accordance with Section 10.3, the Non-Defaulting Party may (i) exercise any of the rights and remedies of a secured party with respect to all Performance Assurance or other support then available to the Non-Defaulting Party, and/or (ii) draw on any outstanding letter of credit issued for the Non-Defaulting Party's benefit, subject in each case to the Credit Annex, if any, and the Non-Defaulting Party's obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

10.5 In the event a party is a Non-Performing Party, the Performing Party shall have the right to: (i) withhold any or all payments due the Non-Performing Party under this Contract for the period of the applicable Non-Performance and net or setoff amounts due the Performing Party against such withheld amounts; (ii) during the period of the applicable Non-Performance, upon at least 1 Business Day's Notice, suspend its performance under any or all Transactions; and/or (iii) if the Non-Performing Party fails to pay any Accelerated Payment Invoice when due, the Performing Party may, without further Notice to the Non-Performing Party, declare an Early Termination Date with respect to the particular Transaction to which the Non-Performance relates in accordance with Section 10.3. The failure of the Performing Party to exercise any of the rights or remedies contained in this Section 10.5 shall not constitute a waiver of the Non-Performance, the requirement for payment as contemplated by Section 3.2 or any of the other rights or remedies of the Performing Party in connection with such matters.

SECTION 11 - FORCE MAJEURE

11.1 Except with regard to a party's obligation to make payment due under this Contract, neither party shall be liable to the other for failure to perform a Firm obligation, to the extent such performance is prevented by Force Majeure.

The parties have selected either the "Option A" version or the "Option B" version as indicated on the Cover Sheet.
Option A:
11.2 "Force Majeure" means any event not reasonably within the control of the Claiming Party which event prevents or restricts delivery by Seller or receipt by Buyer, as applicable, of Gas pursuant to a Transaction, including, without limitation, the following events: (i) physical events such as acts of God; landslides; lightning; earthquakes; fires; storms or storm warnings, such as hurricanes, resulting in evacuation of the affected area; floods; washouts; explosions; breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather-related events affecting an entire geographic region, such as low temperatures which cause freezing or failure of wells or lines of pipe; (iii) interruption or curtailment of firm transportation or storage by Transporters or storage operators; (iv) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, terrorist acts, insurrections or wars; or (v) compliance with any court order, law, statute, ordinance, or regulation promulgated by a governmental authority having jurisdiction.
Option B:
11.2.a If the Delivery Point is NIT, "Force Majeure" means any one or more of the following events which prevents or restricts delivery by Seller or receipt by Buyer, as applicable, of Gas at NIT: (i) an interruption, curtailment or pro-rationing by NOVA of firm NIT service which affects all NOVA shippers who had nominated for firm deliveries or firm receipts to take place by NIT on that Day; or (ii) compliance with any court order, law, statute, ordinance, or regulation promulgated by a governmental authority having jurisdiction; provided that, on any Day or any portion of a Day when there is a Force Majeure and either party provides Notice of the Force Majeure to the other, Seller shall deliver to Buyer, and Buyer shall receive from Seller, that percentage of the Contract Quantity which is equal to the percentage amount of Gas which according to NOVA has been nominated by all NOVA shippers for NIT and which NOVA is not interrupting, curtailing or pro-rationing on the Day or that portion of a Day.
11.2.b If the Delivery Point is a Liquid Delivery Point, "Force Majeure" means any one or more of the following events which prevents or restricts delivery by Seller or receipt by Buyer, as applicable, of Gas at a Liquid Delivery Point: (i) an interruption, curtailment, or pro-rationing by a Transporter, or storage operator, of firm service at the Liquid Delivery Point, regardless of the reasons therefor; or (ii) compliance with any court order, law, statute, ordinance, or regulation promulgated by a governmental authority having jurisdiction; provided that this Section 11.2.b shall not apply if the parties have not expressly identified any Liquid Delivery Points.
11.2.c If the Delivery Point is other than NIT or a Liquid Delivery Point, "Force Majeure" has the meaning set forth in Option A.

11.3 This Section 11.3 is applicable only if the parties have selected either Option A above or if Section 11.2.c of Option B above applies. Neither party shall be entitled to the benefit of the provisions of Section 11 to the extent performance is affected by any or all of the following circumstances: (i) the curtailment of interruptible or secondary firm transportation unless primary, in path, firm transportation is also curtailed; (ii) the Claiming Party having failed to avoid the adverse implications, or to remedy the condition in accordance with Section 11.4 and to resume the performance of such covenants or obligations with reasonable dispatch, or to provide timely notification in accordance with Section 11.5; (iii) economic hardship, including, without limitation, lack of finances, Seller's ability to sell Gas at a higher or more advantageous price than the Contract Price, Buyer's ability to purchase Gas at a lower or more advantageous price than the Contract Price; (iv) a regulatory agency disallowing, in whole or in part, the pass-through of costs resulting from this Contract; or (v) scheduled maintenance by a Transporter or storage operator, provided that notice of such scheduled maintenance has been provided by such Transporter or storage operator at or prior to the time the parties entered into the Transaction.

11.4 The Claiming Party shall make commercially reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event once it has occurred in order to resume performance; provided that the parties agree that nothing contained in this Section 11 shall require: (i) the settlement of strikes, lockouts or other industrial disturbances except in the sole discretion of the party experiencing such disturbance; (ii) the extension of the Delivery Period of any Transaction; (iii) the parties to make up any quantity of Gas they would otherwise have been obligated to sell and purchase during any period when Force Majeure was validly claimed; (iv) Seller to deliver, or Buyer to receive, the Gas at a point other than the Delivery Point; or (v) Seller to purchase replacement Gas at a price greater than the Contract Price.

11.5 The Claiming Party must provide notification to the other party of the occurrence of the Force Majeure. Initial notification may be given orally; provided that, as a condition precedent to claiming relief under this Section 11.5, the Claiming Party must give Notice with reasonably full particulars of the event as soon as reasonably possible. Notwithstanding Section 9, such Notice shall be deemed effective at the onset of the occurrence of the Force Majeure, and the Claiming Party will be relieved of its obligation to make or accept delivery of Gas, as applicable, to the extent and for the duration of the Force Majeure. For the purposes of Section 4.3, in the event of a Force Majeure, Claiming Party shall be deemed to have caused any Imbalance Charges arising from the interruption or curtailment of Firm deliveries or receipts due to the Force Majeure.

11.6 If a Force Majeure only partially affects the Claiming Party's ability to perform its purchase or sale obligations at a Delivery Point, the Claiming Party shall curtail its interruptible obligations at such Delivery Point to the extent required to meet its Firm obligations under this Contract. If, after completely curtailing all of its interruptible obligations, the Claiming Party is still unable to meet its Firm obligations under this Contract, then such affected party may, to the extent permitted by the applicable Transporter(s), reduce its Firm obligations under this Contract by the same percentage that all of its other firm obligations at the Delivery Point are reduced, without regard to the price paid under any transaction between the Claiming Party and the other firm customers or suppliers, as applicable, of the Claiming Party.

## **SECTION 12 - TERM**

12.1 This Contract may be terminated by either party on 30 days' Notice, but shall remain in effect until the expiration of the latest Delivery Period of all Transaction(s). The rights of either party pursuant to Section 7.8, the obligations of either party pursuant to Section 14.10, the obligations to make payment under this Contract, and the obligation of either party to indemnify the other party pursuant to this Contract, shall survive the termination of this Contract.

## **SECTION 13 - LIMITATIONS**

**13.1.a EXCEPT AS SET FORTH IN SECTION 8, THE SPECIAL PROVISIONS OR THE APPLICABLE TRANSACTION CONFIRMATION, THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED.**

**13.1.b FOR BREACH OF ANY PROVISION OF THIS CONTRACT FOR WHICH AN EXPRESS MEASURE OF DAMAGES IS PROVIDED IN THIS CONTRACT, A PARTY'S LIABILITY FOR DAMAGES FOR THAT BREACH SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO EXPRESS MEASURE OF DAMAGES IS PROVIDED IN THIS CONTRACT, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, AND ALL OTHER DAMAGES AT LAW OR IN EQUITY ARE WAIVED.**

**13.1.c EXCEPT TO THE EXTENT PROVIDED IN THIS CONTRACT AS AN EXPRESS MEASURE OF DAMAGES, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, INCLUDING, WITHOUT LIMITATION, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, ARISING BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE.**

**13.1.d IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES IN THIS SECTION 13.1 BE WITHOUT REGARD TO THE RELATED CAUSE OR CAUSES,**

INCLUDING, WITHOUT LIMITATION, THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE.

13.1.e TO THE EXTENT THAT ANY DAMAGES REQUIRED TO BE PAID UNDER THIS CONTRACT ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE MEASURE OF DAMAGES IS DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR THAT OTHERWISE OBTAINING AN ADEQUATE MEASURE OF DAMAGES IS INCONVENIENT AND THE DAMAGES CALCULATED UNDER THIS CONTRACT, INCLUDING, WITHOUT LIMITATION, DAMAGES UNDER SECTIONS 3.2 AND 10.4, CONSTITUTE REASONABLE APPROXIMATIONS OF THE HARM OR LOSS SUFFERED AND ARE NOT INTENDED AS PENALTIES.

13.1.f NOTHING IN THIS SECTION 13.1 SHALL LIMIT THE RIGHT OF A PARTY TO RECOVER OR ENFORCE A RIGHT TO DAMAGES PERMITTED BY THIS CONTRACT.

13.1.g EXCEPT AS LIMITED IN THIS SECTION 13.1, SECTION 3.2, THE SPECIAL PROVISIONS OR THE APPLICABLE TRANSACTION CONFIRMATION, EACH PARTY RESERVES TO ITSELF ANY AND ALL RIGHTS, REMEDIES, SETOFFS, COUNTERCLAIMS AND DEFENCES THAT MAY BE AVAILABLE TO IT AT LAW OR IN EQUITY IN RESPECT OF THE SUBJECT MATTER OF THIS CONTRACT.

#### SECTION 14 - MISCELLANEOUS

14.1. This Contract shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective parties to this Contract. No assignment of this Contract, in whole or in part, will be made without the prior written consent of the non-assigning party, which consent will not be unreasonably withheld or delayed; provided, either party may (i) transfer, sell, pledge, encumber, or assign this Contract or the accounts, revenues, or proceeds of this Contract in connection with any financing or other financial arrangements, or (ii) transfer its interest to any parent or Affiliate by assignment, merger or otherwise without the prior approval of the other party. Upon assignment, transfer and assumption, the assignor or transferor, as applicable, shall remain principally liable for and shall not be relieved of nor discharged from any obligations under this Contract without the written consent of the non-assigning party.

14.2 If any provision in this Contract is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Contract.

14.3 No waiver of any breach of this Contract shall be held to be a waiver of any other or subsequent breach, and any waiver of any breach of this Contract by a party shall not be effective unless it is in writing.

14.4 This Contract sets forth all understandings between the parties respecting each Transaction, and any prior contracts, understandings and representations, whether oral or written, relating to such Transactions are merged into and superseded by this Contract. The Base Contract may be amended only by a writing executed by both parties.

14.5 This Contract shall be governed by, construed and enforced in accordance with the applicable laws of the jurisdiction selected on the Cover Sheet, excluding however, any conflict of laws rule which would apply the law of another jurisdiction, and the parties agree to surrender and attorn to the non-exclusive jurisdiction of the courts of the jurisdiction specified on the Cover Sheet for the resolution of any disputes arising under or in connection with this Contract.

14.6 This Contract and all provisions in this Contract will be subject to all applicable and valid statutes, rules, orders and regulations of any Federal, State, Province, or local governmental authority having jurisdiction over the parties, their facilities, Gas supply, or this Contract.

14.7 There is no third party beneficiary to this Contract.



14.8 Each party to this Contract represents and warrants that it has full and complete authority to enter into and perform this Contract. Each party represents and warrants that each person who executes this Contract on behalf of such party has the full and complete authority to do so.

14.9 The headings and subheadings contained in this Contract are used solely for convenience and do not constitute a part of this Contract between the parties and shall not be used to construe or interpret the provisions of this Contract.

14.10.a Neither party shall disclose directly or indirectly without the prior written consent of the other party, the terms of any Transaction, this Contract, or any information obtained pursuant to Section 7.8, to a third party (other than the Affiliates, employees, lenders, credit rating agencies, royalty owners, counsel, accountants and other agents or advisers of the party, or prospective purchasers of all or substantially all of a party's assets or of any rights under this Contract, provided such persons have a need to know and shall have agreed to keep such information confidential) except (i) in order to comply with any applicable law, order, regulation, or exchange rule; (ii) to the extent necessary for the enforcement of this Contract; (iii) to the extent necessary to implement any Transaction; or (iv) to the extent such information is delivered to such third party for the sole purpose of calculating a published index. Each party shall notify the other party of any proceeding of which it is aware which may result in disclosure of the terms of any Transaction (other than as permitted under this Contract) and use reasonable efforts to prevent or limit the disclosure. The existence of this Contract is not subject to this confidentiality obligation. In accordance with and subject to Section 13.1, the parties shall be entitled to all remedies available to them at law or in equity, including, without limitation, injunctive remedies, to enforce, or to seek relief in connection with, this confidentiality obligation. The confidentiality obligation set forth in this Section 14.10.a shall remain in full force and effect until the later of: (A) one year following termination of this Contract; or (B) two years following receipt of information obtained pursuant to Section 7.8.

14.10.b In the event that disclosure is required in order to comply with any applicable law, order, regulation, or exchange rule, the party subject to such requirement may disclose the relevant information to the extent so required, but shall promptly notify the other party, prior to disclosure, and shall cooperate (consistent with the disclosing party's legal obligations) with the other party's efforts to obtain protective orders or similar restraints with respect to such disclosure at the expense of the other party.

14.11 It is the intention of the parties that this Contract, and any guarantee of a party's liabilities under this Contract, shall each constitute an "eligible financial contract" within the meaning of the Bankruptcy and Insolvency Act (Canada), the Companies' Creditors Arrangement Act (Canada), the Winding-Up and Restructuring Act (Canada), and other Canadian insolvency legislation, and in that regard, each party represents and warrants to the other party (and such representation and warranty shall be deemed to be repeated at the time each Transaction is entered into) that: (i) its business consists, in whole or in part, of entering into "eligible financial contracts" for the purposes of managing its financial risk arising out of commodity price fluctuations; and (ii) it is entering into each Transaction in connection with the management of its financial risk arising out of commodity price fluctuations. To the extent that this Contract is, or the parties are, subject to the application of the United States Bankruptcy Code, it is the intention of the parties that this Contract shall constitute a "forward contract", and in that regard, each party represents and warrants to the other party (and such representation and warranty shall be deemed to be repeated at the time each Transaction is entered into) that it is a "forward contract merchant", in each case, within the meaning of that legislation.

14.12 For currency conversions required under this Contract, to convert Canadian or United States currency to the other, the parties shall use the average of the Bank of Canada posted noon spot exchange rates as quoted for each Day during the Month during which Gas was, or was obligated to be, delivered and received.

14.13 Each party irrevocably waives its respective right to any jury trial with respect to any litigation arising under or in connection with this Contract.

14.14 The United Nations Convention on Contracts for International Sale of Goods is specifically excluded from application to this Contract.

GasEDI BASE CONTRACT FOR SALE AND PURCHASE OF NATURAL GAS

GENERAL TERMS AND CONDITIONS

Copyright © 2005 by GasEDI, All Rights Reserved

Page 18 of 18  
August 31, 2005

**DISCLAIMER:** The purposes of this Contract are to facilitate trade, avoid misunderstandings, and make more definite, the terms of contracts for sale, purchase or exchange of natural gas. GasEDI does not mandate the use of this Contract by any party. GasEDI DISCLAIMS AND EXCLUDES, AND ANY USER OF THIS CONTRACT ACKNOWLEDGES AND AGREES TO GasEDI'S DISCLAIMER OF, ANY AND ALL WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THIS CONTRACT OR ANY PART OF THIS CONTRACT, INCLUDING, WITHOUT LIMITATION, ANY AND ALL IMPLIED WARRANTIES OR CONDITIONS OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE (WHETHER OR NOT GasEDI KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE), WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE, OR BY COURSE OF DEALING. EACH USER OF THIS CONTRACT ALSO AGREES THAT UNDER NO CIRCUMSTANCES WILL GasEDI BE LIABLE FOR ANY DIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY USE OF THIS CONTRACT.

**SPECIAL PROVISIONS to the GasEDI Base Contract for Sale and Purchase of Natural Gas**

**Between**

**Twin Eagle Resource Management Canada, LLC ("Twin Eagle")**

**and Abbey Resources Corp. ("Abbey")**

**dated as of August 23, 2016**

The following provisions (the "Special Provisions") to the Base Contract shall supplement and form part of the Base Contract. The parties hereby represent and warrant that the General Terms and Conditions of the Base Contract have not been modified, altered or amended in any respect except as outlined in these Special Provisions. In the event of any conflict or inconsistency between the Special Provisions and the Base Contract, the Special Provisions shall govern. All capitalized terms used in these Special Provisions but not defined herein shall have the respective meanings ascribed to them in the Base Contract. Sections referenced in these Special Provisions refer to a section of the General Terms and Conditions of the Base Contract, amended, as applicable, by these Special Provisions.

**SECTION 2 – DEFINITIONS**

1.1 Section 2.1 of the General Terms and Conditions are hereby amended by:

(a) adding the defined terms:

(i) "Bankrupt" means, with respect to any party, Performance Assurance Provider or Qualified Institution, that such entity:

- (A) ceases to meet its liabilities generally as they become due or gives notice to any of its creditors that it has suspended or is about to suspend payments of its debts generally;
- (B) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy, insolvency, creditor protection, or similar law affecting creditors' rights, including without limitation, the *Bankruptcy and Insolvency Act (Canada)*, the *Companies' Creditors Arrangement Act (Canada)*, the *Winding-up and Restructuring Act (Canada)* and other applicable insolvency legislation, and, in the case of any such proceeding instituted against it, such proceeding is not dismissed, discharged or stayed within fifteen (15) days of the institution thereof;
- (C) seeks relief under any companies or corporations legislation respecting creditor's rights, including without limitation, the *Business Corporation Act (Canada)* or similar provincial legislation;
- (D) takes steps for, or becomes the subject of, any proceeding for liquidation, dissolution, winding up or other termination of its existence, and in the case that such proceeding is instituted against it, such proceeding is not dismissed, discharged or stayed within fifteen (15) days of being instituted;
- (E) becomes subject to the appointment (by any of its creditors) or a receiver, monitor, liquidator, administrator, receiver manager, trustee or similar official appointed in respect of it or for all or substantially all of its assets;
- (F) files an answer or other pleading admitting the allegations of a petition or other document filed against it in any proceeding set forth above or any similar proceeding;
- (G) makes an assignment or any general arrangement for the benefit of its credits; or
- (H) takes any other action to authorize any of actions set forth above;

(ii) "Change of Control" means any direct or indirect change of control of Seller, whether by merger, consolidation, sale of substantially all of the assets of Seller or any other

transaction or series of related transactions in which a majority of the total equity or outstanding voting stock of Seller changes ownership;

- (iii) **"Debenture"** means the Fixed and Floating Charge Demand Debenture and Negative Pledge dated August 23, 2016 between Seller, as debtor and Buyer, as secured party;
- (iv) **"GAAP"** means those accounting principles generally accepted in Canada, including the policies and standards of disclosure recommended by the Canadian Institution of Chartered Accountants from time to time;
- (v) **"Husky Assets"** means those assets which form the subject of the Husky Asset Purchase and Sale Agreement;
- (vi) **"Husky Asset Purchase and Sale Agreement"** means the Asset Purchase and Sale Agreement dated July 22, 2016 between Husky Oil Operating Limited, as assignor, and Seller, as assignee;
- (vii) **"Moody's"** means Moody's Investors Service, Inc., or any successor thereto;
- (viii) **"Nominating Agency Agreement"** means the Nominating Agency Agreement for TransGas Transportation and Storage Agreements dated July 26, 2016 between Seller, as shipper and Buyer, as nominating agent;
- (ix) **"Performance Assurance Provider"** means, with respect to a party, any person (other than a party to this Contract or a Qualified Institution) that provides Performance Assurance on behalf of a party for so long as such Performance Assurance is required pursuant to this Contract;
- (x) **"Permitted Encumbrances"** means
  - (A) liens for taxes, assessments and governmental charges which are not due at the effective date of the Base Contract;
  - (B) liens incurred or created in the ordinary course of business as security in favour of the person who is conducting the development or operation of the property to which such liens relate for Seller's proportionate share of costs and expenses of such development or operation which are not due at the effective date of the Base Contract;
  - (C) builders' liens, warehousemen's liens, materialmen's liens, processors' liens and similar liens incurred or created in the ordinary course of business in respect of costs related to the Husky Assets which are not due at the effective date of the Base Contract;
  - (D) easements, rights of way, servitudes and other similar rights in land (including, without limitation, rights of way and servitudes for roads, railways, sewers, drains, gas and oil pipelines, gas and water mains and electric light, power, telephone, telegraph and cable television conduits, poles, wires and cables);
  - (E) the right reserved to or vested in any municipality or government or other public authority by the terms of any lease, license, franchise, grant or permit or by any statutory provision, to terminate any such lease, license, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;
  - (F) rights of general application reserved to or vested in any governmental authority to levy taxes on petroleum substances or any of them or the income therefrom, and governmental requirements and limitations of general application as to production rates or operations;
  - (G) the royalties, liens, penalties, reductions in interests and other encumbrances disclosed in the land schedule attached to the Husky Asset Purchase and Sale Agreement;

- (H) all applicable law and any rights reserved to or vested in any governmental or public authority pursuant to applicable law to control or regulate any of the Husky Assets in any manner;
  - (I) the reservations, limitations, provisos and conditions in any grants or transfers from the Crown of any of the lands comprising the Husky Assets or interests therein and statutory exceptions to title; and
  - (J) liens granted in the ordinary course of business to a public utility, municipality, or governmental authority with respect to operations pertaining to any of the Husky Assets;
- (xi) **"Qualified Institution"** means a U.S. or Canadian office or branch of a commercial bank or trust company (which is not an Affiliate of either party), organized under the laws of the United States or Canada (or any state, province or a political subdivision thereof) or any other jurisdiction, in all cases: (i) having a long term debt or deposit rating of equal to or greater than one of, and not less than any of, 'AA' from S&P and 'Aa2' from Moody's and a capital and surplus of at least US\$1,000,000,000; or (ii) is otherwise acceptable to the secured party;
  - (xii) **"S&P"** shall mean Standard & Poor's Financial Services, LLC, or any successor thereto;
  - (xiii) **"TransGas Assignment"** means the TransGas Assignment of Access Request dated July 27, 2016 between Seller as assignor and Buyer as Assignee;
- (b) deleting the defined term "Event of Default" and replacing it with the following:

"Event of Default" means (i) the failure to make a payment when due under this Contract, which is not remedied within two (2) Business Days after receiving Notice of such failure (except for a failure to pay an Accelerated Payment Invoice which shall immediately constitute an Event of Default); (ii) such party or its Performance Assurance Provider becomes Bankrupt; (iii) the failure of the party or its Performance Assurance Provider, as applicable, to provide and maintain Performance Assurance in accordance with Section 10.1 or perform any obligation with respect to the Performance Assurance provided by or on behalf of such party and such failure is not cured within 2 Business Days after receiving Notice of such failure (other than an obligation which is specifically covered in this definition as a separate Event of Default or is covered under Section 3.2); (iv) any default under the Credit Annex (if applicable); (v) any breach or default under the Debenture; (vi) the failure to perform any material obligation under this Contract (other than an obligation which is specifically covered in this definition as a separate Event of Default or is covered by Section 3.2), if not remedied within 5 Business Days after receiving Notice of such failure; (vii) any representation or warranty of Seller hereunder is, at any applicable time, false or misleading in any material respect and is not cured within 5 Business Days after receiving Notice thereof; (viii) any Seller covenants in Section 14.8(c) or (d) are breached in any material respect and such breach is not cured within 5 Business Days after receiving Notice thereof; (ix) if for any reason whatsoever, either the TransGas Assignment or the Nominating Agency Agreement is terminated due to an act or omission of Seller; (x) a Change of Control of Seller; or (xi) any material adverse change in the financial condition of Seller, as determined in the discretion of Buyer, acting reasonably.

## SECTION 7 – INVOICING, PAYMENT AND AUDIT

2.1 A new Section 7.9 is added as follows:

"If impact can be demonstrated by Buyer, Buyer reserves the right to charge or credit estimate to actual differences ("**Gas Balance Recoveries**" or "**GBR's**") to Seller with 60 days prior written notice by Buyer, provided Buyer can provide documentation that the estimate to actual imbalance difference is attributable to allocations at Seller receipt point(s).

## SECTION 10 – FINANCIAL RESPONSIBILITY, DEFAULTS AND REMEDIES

- 3.1 Section 10.4(a) is hereby amended by inserting the following words immediately following the phrase "on and before the Early Termination Date...":

"the amount of any prepayments of Gas that has not been delivered and received under all terminated Transactions on and before the Early Termination Date"

## SECTION 12 – TERM

- 4.1 Section 12.1 is hereby amended by inserting the words "or return prepayments" immediately following the phrase "the obligations to make payment..."

## SECTION 14 – MISCELLANEOUS

- 5.1 Delete Section 14.8 in its entirety and replace with the following:

(a) Mutual Representations and Warranties

On the effective date of the Base Contract and the date of entering into each Transaction hereunder, each party hereby represents and warrants to the other party that:

- (i) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all regulatory authorizations necessary for it to legally perform its obligations under this Base Contract and each Transaction hereunder;
- (ii) the execution, delivery and performance of this Base Contract and each Transaction hereunder are within its powers, and do not violate any contracts to which it is a party or any law, rule, regulation, order;
- (iii) this Base Contract, each Transaction hereunder, and each other document executed and delivered in accordance with this Base Contract constitutes a legally valid and binding obligation enforceable against it in accordance with the terms of said document, subject to any equitable defenses;
- (iv) it, or its Performance Assurance Provider, if applicable, is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, its Performance Assurance Provider, if any, or, to its knowledge, threatened against it which would result in it being Bankrupt, and there is not pending or, to its knowledge, threatened against it, or its Performance Assurance Provider, if any, or any of its affiliates, any legal proceedings that could materially adversely affect its ability to perform its obligations under the Base Contract and each Transaction hereunder;
- (v) no Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under the Base Contract and each Transaction hereunder;
- (vi) it is acting for its own account, has made its own independent decision to enter into this Base Contract and each Transaction hereunder and as to whether this Base Contract and each such Transaction is appropriate or proper for it based upon its own judgment, it is not relying upon the advice or recommendations of the other party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risk of this Base Contract and each Transaction hereunder; and
- (vii) it is a "qualified party" as that term is defined in the Alberta Securities Commission Blanket Order 91-506, entitled Over-the-Counter Trades in Derivatives.

(b) Seller Representations and Warranties

On the effective date of the Base Contract and the date of entering into each Transaction hereunder, Seller hereby represents and warrants to Buyer that:

- (i) the unaudited balance sheet of Seller as at October 31, 2015 and the related statements of income and of cash flows for the fiscal year ended on such date, copies of each which have heretofore been furnished to Buyer, in each case present fairly in all material respects the financial condition

of Seller, and the results of their operations and their cash flows for the fiscal year then ended. The unaudited balance sheet of Seller as at March 31, 2016 and the related unaudited statements of income and of cash flows for the three-month period ended on such date, certified by an officer of Seller, copies of which have heretofore been furnished to Buyer, in each case present fairly the financial condition of Seller as at such date, and the results of their operations and their cash flows for the three-month period then ended (subject to normal year-end audit adjustments). The financial statements described in this Section 3.1(b) including the related schedules and notes thereto, have been prepared in accordance with GAAP, in each case applied consistently throughout the periods involved (except as approved by such accountants and as disclosed therein). Since December 31, 2015 there has been no development or event which has had or could reasonably be expected to have a material adverse effect on Seller;

- (ii) no litigation, investigation or proceeding of or before any arbitrator or governmental authority is pending or, to the knowledge of Seller, threatened by or against Seller or against any of its properties or revenues:
  - (A) with respect to the Base Contract;
  - (B) with respect to any of the transactions contemplated by or occurring simultaneously with the entering into of any of the Base Contract in which the litigation, investigation or proceeding is material and has a reasonable basis in fact; or
  - (C) which could reasonably be expected to have a material adverse effect on Seller;
- (iii) without limitation to any provisions of Section 8, the Husky Assets are beneficially owned by Seller free and clear of all security interests, encumbrances and other third party claims and interest of any nature whatsoever, except Permitted Encumbrances;
- (iv) Seller has timely filed or caused to be filed all income, franchise and other material tax returns required to be filed and has timely paid all income, franchise and other material taxes due and payable by it or imposed with respect to any of its property and all other material fees or other charges imposed on it or any of its property by any governmental authority (other than any taxes the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of Seller). There are no liens for taxes and no claim is being asserted with respect to taxes, except for statutory liens for taxes not yet due and payable or for taxes the amount or validity of which are currently being contested in good faith by appropriate proceedings and, in each case, with respect to which reserves in conformity with GAAP have been provided on the books of Seller;
- (v) Seller does not have any direct or indirect subsidiaries;
- (vi) all factual information, reports and other papers and data furnished by Seller, and all factual statements and representations made in writing, to Buyer by Seller or on behalf of Seller at its direction, were, at the time the same were so furnished or made, when taken together with all such other factual information, reports and other papers and data previously so furnished and all such other factual statements and representations previously so made in writing, complete and correct in all material respects, to the extent necessary to give Buyer true and accurate knowledge of the subject matter thereof in all material respects, and did not, as of the date so furnished or made, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements contained therein not misleading in light of the circumstances in which the same were made;
- (vii) Seller has, with respect to its properties and business, insurance covering the risks, and with reputable carriers in amounts sufficient to insure the risks of its business; and
- (viii)
  - (A) to the best of Seller's knowledge and belief, such knowledge and belief being that of a reasonable person who had conducted due diligence and good faith inquiry, the Husky Assets do not contain, and have not previously contained, any materials of environmental concern in amounts or concentrations which:
    - (1) constitute or constituted a violation of; or

- (2) could give rise to liability under, any environmental law except in either case insofar as such violation or liability, or any aggregation thereof, is not reasonably likely to result in a material adverse effect;
- (B) to the best of Seller's knowledge and belief, such knowledge and belief being that of a reasonable person who had conducted due diligence and good faith inquiry, except where the failure to be in compliance could not reasonably be expected to have a material adverse effect, the Husky Assets and all operations at the Husky Assets are in compliance in all material respects, and have been in compliance in all material respects with all applicable environmental laws, and there is no contamination at, under or about or with respect to the Husky Assets or violation of any environmental law with respect to the Husky Assets or the business operated by Seller (the "Business") which could materially interfere with the continued operation of the Husky Assets or materially impair the fair saleable value thereof. All environmental permits necessary in connection with the ownership and operation of Seller's business have been obtained and are in full force and effect, except where any such non-compliance or failure to obtain and maintain in full force and effect (individually or in the aggregate) has not had and is not reasonably likely to result in a material adverse effect on Seller;
- (C) Seller has not received any notice of violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters or compliance with applicable law including in particular environmental laws with regard to any of the Husky Assets or the Business, nor does Seller have knowledge or reason to believe that any such notice will be received or is being threatened, except insofar as such notice or threatened notice, or any aggregation thereof, does not involve a matter or matters that is or are reasonably likely to result in a material adverse effect on Seller.

(c) Seller Affirmative Covenants

Seller hereby covenants and agrees with Buyer that, at all times during the Delivery Period, Seller shall:

- (i) provide prompt written notice to Buyer (but, in any event, within five (5) Business Days) of it becoming aware of any events that could have a materially adverse effect on the Husky Assets or the Business, including without limitation:
- (A) any condition or event that constitutes an Event of Default or any event that constitutes or is purported to constitute a breach or default under any material contract in respect of the Husky Assets or any other contract material to the Business;
- (B) the filing or commencement of, or the receipt of a threat in writing of, any action, suit, proceeding, investigation or arbitration by or before any arbitrator or governmental authority against or affecting Seller not previously disclosed by Seller to Buyer;
- (C) any actual or potential labour dispute that could affect the timely performance of its obligations pursuant to the Contract;
- (D) a summary judgement entered in respect of a litigation matter, investigation or proceeding of or before any arbitrator or governmental authority; or
- (E) any condition or event that could result in environmental damage, contamination, or other liability pursuant to environmental laws;
- (ii) from time to time file or cause to be filed all federal and provincial returns, filings, elections and reports which are required to be filed by it in respect of all taxes and shall pay any and all taxes imposed upon it when such taxes become due and payable and provide evidence of payment if so requested by Buyer;
- (iii) at its own cost and expense, shall ensure that it has and maintains, all licenses and permits which may be required to perform its obligations hereunder and to otherwise operate its Business, in compliance with applicable law; and
- (iv) provide a copy of its certificate(s) of insurance to Buyer promptly upon request.



(d) Seller Negative Covenants

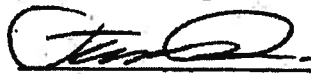
Seller hereby covenants and agrees with Buyer that, at all times during the Delivery Period, Seller shall not:

- (i) permit any transfer, sale, assignment or other material transaction or series of transactions involving Seller without obtaining the advance written consent of Buyer, not to be unreasonably withheld;
- (ii) directly or indirectly, create, issue, incur, assume or permit to exist any indebtedness or contingent liabilities;
- (iii) convey, sell, farm-out, lease or sub-lease (as lessor or sublessor), exchange, transfer or otherwise dispose of, in one transaction or a series of transactions, any material part of its business, assets or property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible, whether now owned or hereafter acquired without obtaining the advance written consent of Buyer; or
- (iv) enter into any transaction of amalgamation, merger or consolidation, or liquidate, wind-up or dissolve itself (or suffer any liquidation or dissolution).

IN WITNESS WHEREOF, the parties hereto have executed these Special Provisions as of the date of the Cover Sheet.

Twin Eagle Resource Management Canada, LLC

Abbey Resources Corp.

By:   
Name: Jeremy Davis  
Title: VP, CLO

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

(d) Seller Negative Covenants

Seller hereby covenants and agrees with Buyer that, at all times during the Delivery Period, Seller shall not:

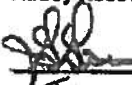
- (i) permit any transfer, sale, assignment or other material transaction or series of transactions involving Seller without obtaining the advance written consent of Buyer, not to be unreasonably withheld;
- (ii) directly or indirectly, create, issue, incur, assume or permit to exist any indebtedness or contingent liabilities;
- (iii) convey, sell, farm-out, lease or sub-lease (as lessor or sublessor), exchange, transfer or otherwise dispose of, in one transaction or a series of transactions, any material part of its business, assets or property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible, whether now owned or hereafter acquired without obtaining the advance written consent of Buyer; or
- (iv) enter into any transaction of amalgamation, merger or consolidation, or liquidate, wind-up or dissolve itself (or suffer any liquidation or dissolution).

IN WITNESS WHEREOF, the parties hereto have executed these Special Provisions as of the date of the Cover Sheet.

Twin Eagle Resource Management Canada, LLC

By: \_\_\_\_\_  
Name:  
Title:

Abbey Resources Corp.

By:   
Name: James G Gettis  
Title: President

This is Exhibit 1 referred to in the Affidavit of  
Scott Weir

Sworn before me this 30 day of  
July, 2021.

Paul Weir

A Commissioner for Oaths for Saskatchewan

My Commission expires: \_\_\_\_\_  
OR Being a Solicitor



**ABBHEY RESOURCES CORP.**

**Condensed Interim  
Financial Statements**

**As at and for the three and nine months ended  
July 31, 2020**

**Notice of No Auditor Review of Financial Statements**

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. An auditor has not performed an audit or review of the financial statements.

Abbey Resources Corp.

October 5, 2020

**Abbey Resources Corp.**  
**Balance Sheets**

*(unaudited, expressed in Canadian dollars)*

<i>As at</i>	July 31, 2020	October 31, 2019
<b>ASSETS</b>		
<b>Current</b>		
Cash	605,501	283,181
Accounts receivable (note 5)	719,378	729,373
Prepaid expenses	24,781	4,472
Risk management asset (notes 11)	221,529	633,885
<b>Total current assets</b>	<b>1,571,189</b>	<b>1,650,911</b>
<b>Non-current</b>		
Exploration and evaluation assets (note 6)	30,656,844	26,066,272
Property and equipment (note 7)	311,640	166,842
<b>Total Assets</b>	<b>32,539,673</b>	<b>27,884,025</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	13,879,359	9,981,888
Current Finance lease obligations (notes 7 and 9)	36,079	29,411
Current portion of long term debt (note 8)	436,421	765,086
<b>Total current liabilities</b>	<b>14,351,859</b>	<b>10,776,385</b>
<b>Non-current</b>		
Long term debt (note 8)	109,105	436,882
Other debt (note 8)	40,000	-
Finance lease obligations (notes 7 and 9)	68,148	38,719
Decommissioning obligation (note 10)	30,543,020	26,064,250
<b>Total liability</b>	<b>45,112,132</b>	<b>37,316,236</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 12)	1,255,581	1,255,581
Contributed surplus	156,837	156,837
Deficit	(13,984,877)	(10,844,629)
<b>Total shareholders' equity</b>	<b>(12,572,459)</b>	<b>(9,432,211)</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>32,539,673</b>	<b>27,884,025</b>

*The accompanying notes are integral to the financial statements.*

*Going concern (note 2)*  
*Commitments (note 19)*

Approved by Management:

*(signed) "Jim Gettis", President & CEO*

## Abbey Resources Corp.

### Statement of Net Income (Loss) and Comprehensive Income (Loss)

(unaudited, expressed in Canadian dollars)

	Three months ended July 31 2020	Three months ended July 31 2019	Nine months ended July 31 2020	Nine months ended July 31 2019
<b>REVENUE</b>				
Natural gas revenue	2,401,286	1,856,343	7,280,112	6,404,951
Royalty expense	(220,082)	(68,463)	(609,759)	(356,314)
<b>Natural gas revenue, net of royalties</b>	<b>2,181,204</b>	<b>1,787,880</b>	<b>6,670,353</b>	<b>6,048,637</b>
Gain on disposal of equipment	-	866,375	46,390	866,375
Net gain (loss) on financial derivatives (note 11)	11,331	(765,896)	147,322	(817,816)
	<b>2,192,535</b>	<b>1,888,359</b>	<b>6,864,065</b>	<b>6,097,196</b>
<b>EXPENSES</b>				
Operating	2,330,957	2,237,221	7,850,719	6,780,927
Transportation	298,493	339,616	872,019	971,066
General and administrative	316,435	311,125	1,034,069	946,835
Finance (note 10)	120,968	143,116	197,103	521,016
Depreciation (note 7)	19,133	10,679	50,403	28,291
Total expenses	<b>3,085,986</b>	<b>3,041,757</b>	<b>10,004,313</b>	<b>9,248,135</b>
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	<b>(893,451)</b>	<b>(1,153,398)</b>	<b>(3,140,248)</b>	<b>(3,150,939)</b>

Going concern (note 2)

The accompanying notes are integral to the financial statements.

## Abbey Resources Corp.

### Statement of Changes in Equity

*(unaudited, expressed in Canadian dollars, except number of common shares)*

	Number of Common shares	Share capital amount	Contributed Surplus	Retained Earnings (Deficit)	Total equity
<b>Balance at October 31, 2018</b>	<b>15,604,133</b>	<b>1,255,581</b>	<b>156,837</b>	<b>(2,244,226)</b>	<b>(831,808)</b>
Net loss and comprehensive loss	-	-	-	<b>(8,600,403)</b>	<b>(8,600,403)</b>
<b>Balance at October 31, 2019</b>	<b>15,604,133</b>	<b>1,255,581</b>	<b>156,837</b>	<b>(10,844,629)</b>	<b>(9,432,211)</b>
Net loss and comprehensive loss	-	-	-	<b>(3,140,248)</b>	<b>(3,140,248)</b>
<b>Balance at July 31, 2020</b>	<b>15,604,133</b>	<b>1,255,581</b>	<b>156,837</b>	<b>(13,984,878)</b>	<b>(12,572,460)</b>

*Going concern (note 2)*

*The accompanying notes are integral to the financial statement.*



# Abbey Resources Corp.

## Statement of Cash Flows

(unaudited, expressed in Canadian dollars)

	Three months ended July 31 2020	Three months ended July 31 2019	Nine months ended July 31 2020	Nine months ended July 31 2019
<b>Cash provided by (used in)</b>				
<b>OPERATING</b>				
Net income (loss)	(893,451)	(1,153,398)	(3,140,248)	(3,150,939)
Items not involving cash:				
Unrealized hedging loss (gain) (note 11)	211,244	1,215,397	412,355	2,012,691
Depreciation (note 7)	19,133	10,679	50,403	28,291
Asset retirement expenditures	-	(895)	(21,889)	(35,827)
Finance expense (note 10)	121,119	143,420	197,517	521,502
Change in non-cash working capital (note 16)	1,225,041	463,355	3,741,466	2,068,069
Cash flow used in operating activities	683,086	678,558	1,239,604	1,443,787
<b>FINANCING</b>				
Lease obligations (note 9)	(8,675)	(6,142)	(17,618)	(15,450)
Decrease in long-term debt (note 8)	(220,410)	(220,413)	(616,441)	(818,432)
Cash flow from financing activities	(229,085)	(226,555)	(634,059)	(833,882)
<b>INVESTING</b>				
Exploration and evaluation additions	(98,091)	(210,647)	(265,540)	(466,529)
Other fixed assets additions	-	-	(163,372)	(89,940)
Change in non-cash working capital (note 16)	(11,993)	129,665	145,687	354,032
Cash flow used in investing activities	(110,084)	(80,982)	(283,225)	(202,437)
Increase (decrease) in cash	343,917	371,021	322,320	407,468
Cash, beginning of period	261,584	179,972	283,181	143,525
Cash, end of period	605,501	550,993	605,501	550,993

Going concern (note 2)

The accompanying notes are integral to the financial statements.

# Abbey Resources Corp.

## Notes to Financial Statements

*(unaudited, expressed in Canadian dollars)*

---

### 1. General business description

Abbey Resources Corp. ("Abbey" or the "Company") is a private company that was incorporated under the laws of Alberta on July 15, 2010. The Company is set-up to undertake in the acquisition, exploration, development and production of petroleum and natural gas properties.

The address and principal place of business, of the Company is 700, 505 – 3<sup>rd</sup> Street, SW, Calgary, Alberta, Canada, T2P 3E6.

### 2. Going concern

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") as they apply to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations as they come due. For the period ended July 31, 2020, the Corporation has reported a net loss and comprehensive loss of \$3,140,248 and an accumulated deficit of \$13,984,877 as at that date and a negative working capital of \$12,780,670 (defined as current assets less current liabilities).

Property tax and lease rentals fixed costs associated with the Company's assets have led to significant doubt as to the ability of the Corporation to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The ability to continue as a going concern is dependent on obtaining continued financial support, completing a private financing or generating profitable operations in the future. No relief from fixed costs indicate the existence of material uncertainties related to events or conditions that may cast significant doubt as to whether the Company can continue as a going concern, and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. Management has a multi-stage plan in place to reduce the working capital deficiency over the next thirty-six months. The Company has significant value allocated to surplus equipment in excess of the current working capital deficiency. As part of generating profitable operations during this high fixed cost environment, the Company has entered into an agreement with a third party equipment broker to dispose of this excess equipment. The Company has been working with the surface lease owners on a rental reduction plan that includes lease rentals being charged on actual lease usage. In addition, the Company is currently working with the rural municipalities for cost reductions on property taxes and various government bodies. Along with reducing the operating costs of the assets, the surplus equipment sales will support a reduction in the working capital deficiency position for the Company.

### 3. Basis of preparation

#### (a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". Certain information and disclosures normally included in the notes to the financial statements have been condensed. Accordingly, these condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended October 31, 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The preparation of these condensed interim financial statements requires the use of certain critical accounting estimates and also requires management to exercise judgement in applying the Company's accounting policies. In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended October 31, 2019. The condensed interim financial statements have been prepared following

# Abbey Resources Corp.

## Notes to Financial Statements

*(unaudited, expressed in Canadian dollars)*

---

the same accounting policies as the financial statements for the year ended October 31, 2019.

These financial statements were authorized for issue by Management on October 5, 2020.

### 4. Significant accounting policies

#### *IFRS 16 Leases*

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. Abbey is identifying leases and arrangements qualifying as leases under IFRS 16 and determining any financial impact on its financial statements. This accounting policy has not been adopted by the Company as July 31, 2020.

### 5. Financial instruments and risk management

#### (a) Overview

The Company's activities will expose it to a variety of financial risks that arise as a result of its exploration, development, production, and financing activities such as:

- credit risk;
- liquidity risk; and
- market risk.

The Company employs risk management strategies and policies to ensure that any exposure to risk are in compliance with the Company's business objectives and risk tolerance levels. Management has the overall responsibility for the establishment and oversight of the Company's risk management framework and holds the responsibility to administer and monitor these risks.

#### (b) Credit risk

The Company may be exposed to certain losses in the event that counterparties to financial instruments fail to meet their obligations in accordance with agreed terms. The Company mitigates this risk by entering into transactions with highly rated financial institutions and financially sound and reputable purchasers.

# Abbey Resources Corp.

## Notes to Financial Statements

(unaudited, expressed in Canadian dollars)

At July 31, 2020, financial assets on the balance sheet are comprised of cash, accounts receivable and risk management assets. The maximum credit risk associated with these financial instruments is the total carrying value.

The Company's accounts receivable and risk management assets are with a purchaser in the petroleum and natural gas business and are subject to normal credit risk. Concentration of credit risk is mitigated by marketing the Company's production to a reputable and financially sound purchaser under normal industry sale and payment terms. As is common in petroleum and natural gas industry in Western Canada, the Company's receivable relating to the sale of petroleum and natural gas are received on or about the 25<sup>th</sup> day of the following month. The \$719,378 of accounts receivable outstanding at July 31, 2020 is owed by 3 parties and the majority of the balance was received subsequent to July 31, 2020. As at July 31, 2020, the Company's accounts receivable is considered current and the Company does not anticipate any collection issues. The Company does not consider the risk management assets to carry material credit risk.

The Company's cash is with a chartered Canadian bank and the Company does not consider the asset to carry material credit risk.

### (c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity risk is to ensure, as much as possible, that it will have sufficient liquidity to meet its short-term and long-term financial obligations when due, under both normal and unusual conditions without incurring unacceptable losses or risking harm to the Company's reputation. The Company's ongoing liquidity is impacted by various external events and conditions, including commodity price fluctuations and the global economic downturn. The distressed gas price environment has led to significant doubt as to the ability of the Company to meet its obligations as they come due and accordingly the appropriateness of the use of accounting principles applicable to a going concern exist (note 2).

The Company's financial liabilities consist of accounts payable and accrued liabilities, long term debt and risk management liabilities.

The following are the contractual maturities of financial liabilities as at July 31, 2020:

	Total	< 1 year	1-5 years
Accounts payable and accrued liability	\$ 13,879,359	\$ 13,879,359	\$ -
Finance lease obligations	104,227	36,079	68,148
Debt	545,526	436,421	109,105
<b>Total</b>	<b>\$ 14,529,112</b>	<b>\$ 14,351,859</b>	<b>\$ 177,253</b>

### (d) Capital management

The Company's general capital management policy is to maintain a sufficient capital base in order to manage its business to enable the Company to increase the value of its assets and therefore its underlying share value. The Company's objectives when managing capital are (i) to manage financial flexibility in order to preserve the Company's ability to meet financial obligations; (ii) maintain a capital structure that allows Abbey the ability to finance its growth using internally generated cashflow and (iii) to maintain a capital structure which optimizes the cost of capital at an acceptable risk level and provides an optimal return to equity holders.

In the management of capital, Abbey includes share capital and total net debt, which is made up of debt and working capital (current assets less current liabilities). Abbey manages its capital

# Abbey Resources Corp.

## Notes to Financial Statements

(unaudited, expressed in Canadian dollars)

structure and makes adjustments in light of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Abbey may issue new equity, increase or decrease debt, adjust capital expenditures and acquire or dispose of assets.

### 6. Exploration and evaluation assets

	As at July 31, 2020	As at October 31, 2019
<b>Cost</b>		
<b>Balance, beginning of period</b>	<b>\$ 26,066,272</b>	<b>\$ 37,287,340</b>
Additions	265,540	635,722
Impairment loss	-	(3,110,411)
Change in decommissioning provision (note 12)	4,325,032	(8,746,379)
<b>Net book value:</b>		
<b>Balance, end of period</b>	<b>\$ 30,656,844</b>	<b>\$ 26,066,272</b>

Exploration and evaluation assets consist of new technology equipment under evaluation and the current year additions are for expenditures incurred on Abbey's core assets and assets are pending the determination of technical feasibility. Once economic feasibility is determined on the Milk River assets, the assets will be moved to Property and Equipment.

### 7. Property and equipment

	Corporate	Accumulated DD&A	Total
<b>Cost</b>			
<b>October 31, 2018</b>	<b>\$ 205,028</b>	<b>\$ 70,761</b>	<b>\$ 134,267</b>
Additions	85,763	38,970	46,793
Dispositions	(35,827)	(21,609)	(14,218)
<b>October 31, 2019</b>	<b>\$ 254,964</b>	<b>\$ 88,122</b>	<b>\$ 166,842</b>
Additions	163,372	18,574	144,798
<b>Net book value:</b>			
<b>July 31, 2020</b>	<b>\$ 418,336</b>	<b>\$ 106,696</b>	<b>\$ 311,640</b>

As at July 31, 2020, the Company has three lease-to-own vehicles (note 9).

For the period ended July 31, 2020, the Company did not capitalize any general and administrative expenses, consistent with the prior year.

### 8. Debt

At July 31, 2020, the Company had short-term and long-term debt comprised of two prepaid gas contracts. The first contract was for 750 GJ/day of Gas production commencing August 1, 2016 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,095,750 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of \$1,750,000 upon commencement of the contract. The Contract Price for each GJ of the Prepaid Volumes was \$1.59708 per GJ fixed over the term of the agreement. This contract has been paid in full. On November 1, 2017, the Company entered into a contract for 804 GJ/day of Gas production commencing November 1, 2017 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,174,497 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of \$1,600,000 on November 1, 2017 to purchase additional

# Abbey Resources Corp.

## Notes to Financial Statements

(unaudited, expressed in Canadian dollars)

assets in the Company's core area. The Contract Price for each GJ of the Prepaid Volumes was \$1.4900 per GJ fixed over the term of the agreement. To secure the payment of the cash considerations, the Buyer has increased the Fixed and Floating Charge Demand Debenture and Negative Pledge to a total of \$3,750,000 secured over the assets of the Company.

At July 31, 2020 the balance of the debt was \$545,526 in relation to the prepaid gas contracts.

	As at July 31, 2020	As at October 31, 2019
Contract 1	\$ -	\$ 328,204
Contract 2	545,526	873,764
<b>Total debt</b>	<b>\$ 545,526</b>	<b>\$ 1,201,968</b>

	As at July 31, 2020	As at October 31, 2019
Current liability	\$ 436,421	\$ 765,086
Non-current liability	109,105	436,882
<b>Total debt</b>	<b>\$ 545,526</b>	<b>\$ 1,201,968</b>

As part of the Government of Canada Economic Response Plan, the Company was eligible for the Canada Emergency Business Account loan of \$40,000. This loan is due December 31, 2022. In the Company repays the balance of the loan on or before December 31, 2022, debt forgiveness of \$10,000 will occur. This loan is shown as other debt under non-current liability.

### 9. Finance lease obligations

At July 31, 2020, the Company had short-term and long-term finance lease obligations for three field vehicles. The obligations are considered finance leases and are recognized as a liability on the interim balance sheet. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. The terms of the obligation provide the Company with the right to obtain substantially all of the economic benefits from the use of the vehicles over the length of the obligation. The finance leases bear interest at an implicit rate of 0.15 to 0.71.

	As at July 31, 2020	As at October 31, 2019
Current liability	\$ 36,079	\$ 28,040
Non-current liability	68,148	82,331
<b>Total debt</b>	<b>\$ 104,227</b>	<b>\$ 110,371</b>

# Abbey Resources Corp.

## Notes to Financial Statements

(unaudited, expressed in Canadian dollars)

Minimum lease payments, comprising interest expense and principal repayments, under the Company's finance lease obligations are as follows:

Year	As at July 31, 2020
2020	14,906
2021	30,275
2022	25,410
2023	16,653
2024	13,587
2025	3,396
	<b>\$ 104,227</b>

### 10. Decommissioning obligation

The decommissioning liability was estimated based on the Company's ownership in all wells and facilities, the estimated costs to abandon and reclaim the wells and facilities and the estimated timing of the costs to be incurred in future periods. The estimated future cash flows have been discounted using an average risk free rate of 0.92 percent (October 31, 2019 -1.58 percent) and an inflation rate of 2 percent (October 31, 2019 – 2 percent). The Company has estimated the net present value of the decommissioning obligations to be \$30,543,020 as at July 31, 2020. The undiscounted, uninflated total future liability at July 31, 2020 is \$21,602,810. The payments are expected to be incurred over the operating lives of the assets.

The following table reconciles the decommissioning liability:

	As at July 31, 2020	As at October 31, 2019
<b>Balance, beginning of period</b>	<b>\$ 26,064,250</b>	<b>\$ 34,461,813</b>
Expenditures	(21,889)	(35,827)
Change in estimates	4,303,142	(8,746,380)
Accretion expense	197,517	384,644
<b>Balance, end of period</b>	<b>\$ 30,543,020</b>	<b>\$ 26,064,250</b>

### 11. Financial risk management

The Company utilizes commodity contracts as a risk management technique to mitigate exposure to commodity price volatility.

The following tables summarize the financial derivative contracts Abbey has outstanding at July 31, 2020 and the impact on the Balance Sheets and Statements of Net Loss and Comprehensive Loss:

Natural Gas Contract Period	Type	Daily Volume	Price (CAD\$/GJ)
September 1, 2016 to October 31, 2020	Fixed price	3,250 GJ	\$2.73/GJ

Risk Management Asset	Current Asset	Long term Asset
Balance at July 31, 2020	221,529	-
Balance at October 31, 2019	633,885	-

# Abbey Resources Corp.

## Notes to Financial Statements

(unaudited, expressed in Canadian dollars)

The following table show the Earnings Impact of Realized and Unrealized Gains (Losses) on Financial Derivatives:

<b>Earnings Impact of Realized and Unrealized Gains (Losses) on Financial Instruments</b>	<b>July 31, 2020</b>	<b>July 31, 2019</b>
Realized gain (loss) on financial derivatives	\$ 559,677	\$ 1,194,875
Unrealized gain (loss) on financial derivatives	(412,355)	(2,012,691)
<b>Net loss on financial derivatives</b>	<b>\$ 147,322</b>	<b>\$ (817,816)</b>

### 12. Share capital

(a) Authorized

Unlimited number of common shares and preferred Shares, issuable in series. No preferred shares have been issued by the Company as at July 31, 2020.

(b) Common Shares issued and outstanding

	<b>Number</b>	<b>Amount</b>
<b>Balance at July 31, 2020 and October 31, 2019</b>	<b>15,604,133</b>	<b>1,255,581</b>

(c) Shared-based compensation

The Company has a stock option plan in place whereby it may issue stock options to employees, consultants and directors of the Company. The options vest on the date of grant and expire five years from the date of issuance. At July 31, 2020, 2,500,000 stock options were outstanding.

The following table summarizes the changes in the stock options outstanding:

	<b>Options</b>	<b>Price</b>
<b>Balance at July 31, 2020 and October 31, 2019</b>	<b>2,500,000</b>	<b>\$ 0.10</b>
<b>Exercisable at July 31, 2020 and October 31, 2019</b>	<b>2,500,000</b>	<b>\$ 0.10</b>

The weighted average fair value of each stock option granted is estimated on the date of grant using the Black-Scholes model with the following weighted average assumptions:

Risk free interest rate	1.16%
Expected life (years)	5
Estimated volatility of underlying common shares (%)	87.0% - 91.5%
Estimated forfeiture rate	0%
Expected dividend yield (%)	0%

Abbey estimated the volatility of the underlying common shares by analyzing the volatility of peer group companies.

### 13. Revenue

The Company sells its production pursuant to fixed and variable priced contracts with a third party gas marketer. The transaction price for variable priced contracts is based on the commodity price, location or other factors, whereby each component of the pricing formula can be either fixed or variable, depending on the contract terms. Under the contracts, the Company is required to deliver a volume of natural gas to the contract counterparty on a best efforts basis. Revenue is recognized when a unit of production is delivered to the contract counterparty. The amount of revenue recognized is based on the agreed



# Abbey Resources Corp.

## Notes to Financial Statements

(unaudited, expressed in Canadian dollars)

transaction price, whereby any variability in revenue related specifically to the Company's efforts to deliver production, and therefore the resulting revenue is allocated to the production delivered in the period during which the variability occurs. As a result, none of the variable revenue is considered constrained. The sale of produced commodities are under contracts for the life of the reserves. Revenues are typically collected on the 25th day of the month following production.

The following table presents the Company's commodity sales:

<b>Natural gas</b>	<b>July 31, 2020</b>	<b>July 31, 2019</b>
Sales from production	\$ 7,280,112	\$ 6,404,951
Realized gain on financial derivatives	559,677	1,194,875
	<b>\$ 7,839,789</b>	<b>\$ 7,599,826</b>

At July 31, 2020, receivables from contracts with a third party gas marketer, which are included in accounts receivable, were \$713,643 (\$625,842 at July 31, 2019).

### 14. Finance expense

Finance expense consists of accretion on decommissioning obligations of \$197,103 for the period ended July 31, 2020 and \$521,016 for the period ended July 31, 2019.

### 15. Capital Management

The Company's general capital management policy is to maintain a sufficient capital base in order to manage its business to enable the Company to increase the value of its assets and therefore its underlying share value. The Company's objectives when managing capital are (i) to manage financial flexibility in order to preserve the Company's ability to meet financial obligations; (ii) maintain a capital structure that allows Abbey the ability to finance its growth using internally generated cashflow and (iii) to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk level and provides an optimal return to equity holders.

In the management of capital, Abbey includes share capital and total net debt, which is made up of debt and working capital (current assets less current liabilities). Abbey manages its capital structure and makes adjustments in light of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Abbey may issue new equity, increase or decrease debt, adjust capital expenditures and acquire or dispose of assets.

### 16. Supplemented cash flows information

Changes in non-cash working capital is comprised of sources (uses of) cash:

	<b>July 31, 2020</b>	<b>July 31, 2019</b>
Accounts receivable	\$ 9,991	\$ 142,692
Prepaid expenses	(20,309)	(15,155)
Accounts payable and accrued liabilities	3,897,471	2,294,564
	<b>3,887,153</b>	<b>2,422,101</b>
Relating to:		
Operating activities	3,741,466	2,068,069
Investing activities	\$ 145,687	\$ 354,032

# Abbey Resources Corp.

## Notes to Financial Statements

(unaudited, expressed in Canadian dollars)

### 17. General and administrative expenses

The Company's general and administrative expenses consisted of the following expenditures:

	July 31, 2020	July 31, 2019
Employee costs	\$ 432,697	\$ 325,717
Consultants	436,018	469,408
Professional fees	49,616	32,963
Business development	2,650	727
Office costs	65,940	67,632
Computer software	47,148	50,388
	<u>\$ 1,034,069</u>	<u>\$ 946,835</u>

### 18. Related party transactions

- (a) The Company considers its directors and officers that hold common shares in the Company to be key management personnel. The following table outlines transactions with key management personnel:

	July 31, 2020	July 31, 2019
Consultants	\$ 234,524	\$ 245,845
<b>Total key management remuneration</b>	<b>\$ 234,524</b>	<b>\$ 245,845</b>

### 19. Commitments

- (a) Office lease

The Company has agreed to a month-to-month sublease for office space at \$1,815 per month.

- (b) Prepaid gas contract

At July 31, 2020, the Company had short-term and long-term debt comprised of one prepaid gas contract. On November 1, 2017, the Company entered into a contract for 804 GJ/day of Gas production commencing November 1, 2017 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,174,497 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of \$1,600,000 on November 1, 2017 to purchase additional assets in the Company's core area. The Contract Price for each GJ of the Prepaid Volumes was \$1.4900 per GJ fixed over the term of the agreement.

To secure the payment of the cash considerations, the Buyer has increased the Fixed and Floating Charge Demand Debenture and Negative Pledge to a total of \$3,750,000 secured over the assets of the Company.

The following table shows the balance of the Prepaid Gas Contracts at July 31, 2020.

	July 31, 2020	October 31, 2019
Contract 1	\$ -	\$ 328,204
Contract 2	545,526	873,764
<b>Total debt</b>	<b>\$ 545,526</b>	<b>\$ 1,201,968</b>

- (c) Canada Emergency Business Account Loan

As part of the Government of Canada Economic Response Plan, the Company was eligible for the Canada Emergency Business Account loan of \$40,000. This loan is due December 31,

# Abbey Resources Corp.

## Notes to Financial Statements

*(unaudited, expressed in Canadian dollars)*

---

2022. In the Company repays the balance of the loan on or before December 31, 2022, debt forgiveness of \$10,000 will occur. This loan is shown as other debt under non-current liability.

(d) Security deposit

In relation to the August 4, 2016 acquisition of natural gas assets in the Milk River area of Saskatchewan, the seller paid a security deposit on behalf of Abbey to the Saskatchewan Ministry of the Economy in order to approve the transfer of licenses related to the Assets in the agreement. Commencing January, 2017 and on a quarterly basis thereafter, Abbey is required to review the Saskatchewan Licensee Liability Rating and upon completion of the review, if applicable request a refund of the Security Deposit. If on January 1, 2020, any portion of the Security Deposit is still being held by the Saskatchewan Ministry of the Economy, then in consideration of the Seller continuing to maintain the Security Deposit on Abbey's behalf, Abbey shall pay the Seller an amount equal to \$200,000 per calendar year, prorated on a monthly basis, until such time as the full amount of the Security Deposit is refunded to the Seller or otherwise cancelled in full. The Seller has paid a Security deposit on Abbey's behalf in the amount of \$11,337,831.

In relation to the March 1, 2017 acquisition, the seller has agreed to make a security deposit on behalf of Abbey to the Saskatchewan Ministry of the Economy in order to approve the transfer of licenses related to the Assets in the agreement. Commencing January, 2018 and on an annual basis thereafter, Abbey is required to review the Saskatchewan Licensee Liability Rating and upon completion of the review, if applicable request a refund of the Security Deposit. If on January 1, 2020, any portion of the Security Deposit is still being held by the Saskatchewan Ministry of the Economy, then in consideration of the Seller continuing to maintain the Security Deposit on Abbey's behalf, Abbey shall pay the Seller an amount equal to the standby fee attributable to the Letter of Credit in place at the time for the required Security Deposit, until such time as the full amount of the Security Deposit is refunded to the Seller or otherwise cancelled in full. The Seller has paid a Security deposit on Abbey's behalf in the amount of \$16,322,771. The Security Deposit fees have not been recorded into the July 31, 2020, Financial Statements.

This is Exhibit <sup>4</sup>E referred to in the Affidavit of  
Scott Wenger

Sworn before me this 20 day of  
July, 2001.

David Huxel

A Commissioner for Oaths for Saskatchewan

~~My Commission expires:~~ \_\_\_\_\_

OR Being a Solicitor

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

Date of Search: 2021/07/26  
 Time of Search: 09:43 AM  
 Search provided by: CNN CORPORATE SERVICES LTD.  
 Service Request Number: 35866266  
 Customer Reference Number: KT LLP

Corporate Access Number: 207074154  
 Business Number: 889570495  
 Legal Entity Name: BLUESTONE RESOURCES INC.

## Name History:

Previous Legal Entity Name	Date of Name Change (YYYY/MM/DD)
707415 ALBERTA LTD.	1996/12/19

Legal Entity Status: Active  
 Alberta Corporation Type: Named Alberta Corporation  
 Registration Date: 1996/08/26 YYYY/MM/DD  
 Date of Last Status Change: 2002/03/19 YYYY/MM/DD

Revival/Restoration Date: 2002/03/19 YYYY/MM/DD

## Registered Office:

Street: 20 SILVERCREEK PLACE NW  
 City: CALGARY  
 Province: ALBERTA  
 Postal Code: T3B5A2

## Records Address:

Street: 20 SILVERCREEK PLACE NW  
 City: CALGARY  
 Province: ALBERTA  
 Postal Code: T3B5A2

Email Address: JGETTIS@BLUERES.CA

## Directors:

Last Name: GETTIS  
 First Name: BARBARA  
 Middle Name: J.  
 Street/Box Number: 20 SILVERCREEK PLACE N.W.

**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T3B5A2

**Last Name:** GETTIS  
**First Name:** JAMES  
**Middle Name:** G.  
**Street/Box Number:** 20 SILVERCREEK PLACE N.W.  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T3B2A2

**Voting Shareholders:**

**Last Name:** GETTIS  
**First Name:** BARBARA  
**Middle Name:** J.  
**Street:** 20 SILVERCREEK PLACE N.W.  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T3B5A2  
**Percent Of Voting Shares:** 50

**Last Name:** GETTIS  
**First Name:** JAMES  
**Middle Name:** G.  
**Street:** 20 SILVERCREEK PLACE N.W.  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T3B5A2  
**Percent Of Voting Shares:** 50

**Details From Current Articles:**

**The information in this legal entity table supersedes equivalent electronic attachments**

**Share Structure:** REFER TO "SHARE STRUCTURE" ATTACHMENT  
**Share Transfers Restrictions:** REFER TO "RESTRICTIONS ON SHARE TRANSFERS" ATTACHMENT  
**Min Number Of Directors:** 1  
**Max Number Of Directors:** 7  
**Business Restricted To:** NONE  
**Business Restricted From:** NONE  
**Other Provisions:** REFER TO "OTHER RULES OR PROVISIONS" ATTACHMENT

**Holding Shares In:**

<b>Legal Entity Name</b>
OPTIMUM PETROLEUM SERVICES INC.

**Other Information:****Last Annual Return Filed:**

<b>File Year</b>	<b>Date Filed (YYYY/MM/DD)</b>
2020	2020/08/28

**Filing History:**

<b>List Date (YYYY/MM/DD)</b>	<b>Type of Filing</b>
2001/10/02	Status Changed to Start for Failure to File Annual Returns
2002/02/02	Status Changed to Struck for Failure to File Annual Returns
2002/03/19	Initiate Revival of Alberta Corporation
2002/03/19	Complete Revival of Alberta Corporation
2012/10/24	Change Address
2020/02/17	Update BN
2020/08/28	Enter Annual Returns for Alberta and Extra-Provincial Corp.

**Attachments:**

<b>Attachment Type</b>	<b>Microfilm Bar Code</b>	<b>Date Recorded (YYYY/MM/DD)</b>
Share Structure	ELECTRONIC	2002/03/19
Restrictions on Share Transfers	ELECTRONIC	2002/03/19
Other Rules or Provisions	ELECTRONIC	2002/03/19

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



This is Exhibit F referred to in the Affidavit of  
Scott Weinger

Sworn before me this 26 day of  
July, 2021.

Nancy Hux

A Commissioner for Oaths for Saskatchewan

My Commission expires: \_\_\_\_\_

OR Being a Solicitor





**Abbey Resources Corp**  
20 Silvercreek Place NW  
Calgary, Alberta T3B-5A2

August 1, 2010

**Bluestone Resources Inc**  
20 Silvercreek Place NW  
Calgary, Alberta, T3B-5A2

Attention: James G Gettis P Eng  
President

Dear Mr. Gettis

**RE: CONSULTING SERVICES AGREEMENT**

This letter sets forth and confirms the terms of the Agreement between Bluestone Resources Inc ("Bluestone") and Abbey Resources Corp (the "Corporation") pursuant to which the Corporation is willing to retain Bluestone to provide consulting services to Corporation. These consulting services will be provided by Bluestone's president Mr. James G. Gettis (the "Consultant").

The Consultant has extensive experience with respect to oil and gas production and development in the Corporation's core areas, and it is in the best interest of the Corporation to enter into this Agreement to secure the Consultant's continuing services at the rate of compensation set out herein, which the parties hereto believe to be the fair and proper market value of the services.

1. **Scope of Services.** The Corporation hereby retains the Consultant to provide the Corporation with services commensurate with the obligations and duties (the "Services") relating to production, new technology, innovation and drilling operations by the Corporation, on the terms and conditions set out herein. The nature and extent of the services to be provided by the Consultant are to be determined by the Corporation, Notwithstanding the aforementioned, the Consultant has the right to control the details of when, where and the manner in which the work is performed and the final results provided that these activities comply with the policies and practices as set out by the Corporation.
2. **Changes to Scope of Services.** The Corporation may, from time to time, make changes in the scope of the Services to be performed by Consultant on such further terms and conditions as may be mutually agreed to by the parties.
3. **Independent Contractor Status.** In performing the Services, the Consultant shall be an independent contractor and shall have responsibility for and control over the details and means of performing the Services. The Services shall be performed by the Consultant under its own superintendence and its own risk and during its own hours. The parties expressly deny that it is their intention to create the relationship of employer/employee, partnership, joint venture or association.

4. **Non-Exclusivity.** The Corporation recognizes that the Consultant is currently engaged in a number of other consulting, business and investment activities. The Consultant will be free to perform consulting for the Consultant's other clients, conduct business activities and make investments during the Term of this Agreement, provided however, that the Consultant shall ensure that it is able to perform the Services pursuant to this Agreement in a timely and professional fashion. The Consultant agrees not to perform services for its other clients, conduct business activities or engage in investments that may create a conflict of interest with the Corporation.

5. **Compensation.**

As compensation for the provision of the Services pursuant to this Agreement, Corporation will pay the Consultant one hundred and seventy five Canadian dollars per hour. Consultant will invoice the Corporation at the Corporation's fiscal year end for services provided.

- (a) As further compensation for the Services, the Consultant shall be eligible to receive additional compensation in such form and in such amounts as the Corporation deems appropriate.
- (b) The compensation to be paid by the Corporation to the Consultant shall be exclusive of the goods and services tax assessable pursuant to the *Excise Tax Act* (Canada), which shall be payable by Corporation as required.
- (c) The Consultant agrees that all amounts, whether income taxes, health care, insurance premiums, pension plan contributions, or any mandatory or discretionary levies payable to any government or other authority having jurisdiction in the circumstances, are the responsibility of and shall be paid by the Consultant.
- (d) Corporation shall promptly reimburse Consultant at cost for all expenses reasonably incurred in connection with the provision of the Services provided hereunder.

6. **Term and Termination.** This Agreement shall be for a term of one (1) year beginning on August 1, 2010 and ending on August 1, 2011 unless terminated sooner hereunder (the "Term"), provided however that this Agreement will automatically be renewed upon similar terms and conditions for additional One (1) year periods commencing each August 1st unless the parties otherwise agree in writing. Either Consultant or Corporation may terminate this Agreement for any reason on Thirty (30) days' prior written notice to the other party.

7. **Confidentiality.** All information disclosed to Consultant or obtained by Consultant during the term of this Agreement which relates in any way to Corporation's past, present or future activities or to the performance of this Agreement (other than information previously publicly disclosed, information already known to Consultant or information required by law to be disclosed), will be held by Consultant in confidence for the exclusive use and benefit of Corporation. During the term of this Agreement, including any extensions and for one (1) year after the termination of this Agreement, Consultant will not disclose to any person, firm or corporation, nor use in a manner injurious to Corporation, any such information. Consultant's obligation under this paragraph will survive the termination of this Agreement.

8. **Indemnification.** Each party hereby indemnifies and holds harmless the other party from and against any costs, losses, expenses, damages, actions, proceedings or other claims of any kind which are caused (and to the extent contributed to) by the breach of this Agreement by the indemnifying party, including the legal fees and costs of the indemnified party.

9. **Assignment.** This Agreement may not be assigned in whole or in part by either party without the prior written consent of the other party.
10. **Notices.** Any notice, statement, or request required or permitted to be given by any party to the other shall be in writing and shall be deemed to have been sufficiently and effectually given if signed by and on behalf of the party giving the notice and delivered personally to the other party or mailed by registered prepaid postage, addressed in accordance with the addresses for the parties set out in this Agreement. Any such notice given as aforesaid shall be conclusively deemed to have been given and received on the date personally delivered or on the Third business day following the date of mailing by prepaid registered mail, unless there occurs an interruption of postal service during such Three (3) day period, in which case the Three (3) day period set out above shall not commence running until the day following the recommencement of postal services. Either party may change its address for notices herein by written notice to the other party.
11. **Governing Law.** This Agreement will be construed under the laws of Alberta and the laws of Canada applicable therein. The courts of Alberta shall have exclusive jurisdiction over all disputes arising in connection with this Agreement, and the parties hereby irrevocably attorn to the jurisdiction of the courts of Alberta.
12. **Entire Agreement.** This Agreement contains the entire agreement of the parties in respect of the subject matter of this Agreement and no addition, deletion, variation or amendment of this Agreement is valid or effective unless it is in writing, it expressly states an intention to add to, delete from, vary or amend this Agreement, and it is signed by all parties to this Agreement
13. **Execution in Counterparts.** This Agreement may be executed by the parties hereto in one or more counterparts, each of which shall be deemed to be an original, but all such counterparts shall constitute one and the same instrument, and all signatures need not appear on any one counterpart.

SIGNED in Calgary, Alberta, effective August 1st, 2010

Yours very truly,

**Abbey Resources Corp.**



James G Gettis  
President

Accepted and agreed this 1<sup>st</sup> day of August 2010

**Bluestone Resources Inc**



James G Gettis  
President

This is Exhibit 6 referred to in the Affidavit of  
Scott Wenter

Sworn before me this 26 day of  
July, 2021.

David Walsh

A Commissioner for Oaths for Saskatchewan

My Commission expires. \_\_\_\_\_

OR Being a Solicitor



Profile Report

Entity Number: 101172863

Page 1 of 2

Entity Name: OPTIMUM PETROLEUM SERVICES INC.

Report Date: 26-Jul-2021

**Entity Details**

Entity Type	Business Corporation
Entity Subtype	MRAS Corporation
Entity Status	Active
Registration Date	04-Nov-2010
Entity Number in Home Jurisdiction	768996-9
Entity Name in Home Jurisdiction	OPTIMUM PETROLEUM SERVICES INC.
Home Jurisdiction	Canada
Incorporation/Amalgamation Date in Home Jurisdiction	01-Nov-2010
Annual Return Due Date	31-Dec-2021
Nature of Business	GAS AND OIL SERVICE EQUIPMENT

**Registered Office/Mailing Address**

Physical Address	SUITE 700, 505-3RD STREET SW, CALGARY, Alberta, Canada, T2P 3E6
Mailing Address	OPTIMUM PETROLEUM SERVICES INC., BOX 610, SWIFT CURRENT, Saskatchewan, Canada, S9H 3W4

**Directors/Officers**

**JAMES G. GETTIS (Director)**

Physical Address:	20 SILVERCREEK PL NW, CALGARY, Alberta, Canada, T3B5A2
Mailing Address:	20 SILVERCREEK PL NW, CALGARY, Alberta, Canada, T3B5A2

Effective Date:

**Power of Attorney**

**JEAN P. JORDAAN**

Physical Address:	ANDERSON & COMPANY, 51 - 1ST AVENUE NW, SWIFT CURRENT, Saskatchewan, Canada, S9H 0M5
Mailing Address:	ANDERSON & COMPANY, BOX 610, SWIFT CURRENT, Saskatchewan, Canada, S9H 3W4



Profile Report

Entity Number: 101172863

Page 2 of 2

Entity Name: OPTIMUM PETROLEUM SERVICES INC.

Report Date: 26-Jul-2021

**Previous Entity Names**

Type	Name	Effective Until
Registered Name	AIRWELL PETROLEUM SERVICES INC.	11-Mar-2012
Home Jurisdiction Name	AIRWELL PETROLEUM SERVICES INC.	11-Mar-2012

**Notes**

Date	Note
6/26/2020 5:11:34 PM	Entity type converted in June 2020 due to NWP/MRAS initiative.
7/21/2020 5:15:23 PM	The officers for this entity were ceased as part of the MRAS initiative.

**Event History**

Type	Date
Notice of Change of Registered Office/Mailing Address	12-Jul-2021
Notice of Change of Registered Office/Mailing Address	09-Jul-2021
Notice of Change of Registered Office/Mailing Address	06-Jul-2021
Business Corporation - Annual Return	14-Dec-2020
Business Corporation - Annual Return	20-Jan-2020
Notice of Change of Registered Office/Mailing Address	25-Nov-2019
Power of Attorney	29-Aug-2019
Business Corporation - Annual Return	27-Nov-2018
Business Corporation - Annual Return	06-Dec-2017
Notice of Change of Directors/Officers	06-Dec-2017
Notice of Change of Registered Office/Mailing Address	06-Dec-2017
Business Corporation - Annual Return	28-Nov-2016
Business Corporation - Annual Return	12-Nov-2015
Business Corporation - Annual Return	03-Dec-2014
Business Corporation - Annual Return	14-Nov-2013
Business Corporation - Annual Return	08-Nov-2012
Business Corporation - Amend Articles	12-Mar-2012
Business Corporation - Annual Return	12-Dec-2011
Business Corporation - Extra-provincial Registration	04-Nov-2010

This is Exhibit H referred to in the Affidavit of  
Scott Weir

Sworn before me this 20 day of  
July, 2021.

David Weir  
A Commissioner for Oaths for Saskatchewan

My Commission expires: \_\_\_\_\_  
OR Being a Solicitor

## Purchase and Sale Agreement

THIS AGREEMENT (the "Agreement") dated this 1st day of November, 2020

BETWEEN:

**Abbey Resources Corp.**, a body corporate, registered to carry on business in the Province of Alberta and having an office in Calgary, Alberta (the "Seller")

OF THE FIRST PART

- AND -

**Optimum Petroleum Services Inc.**, a body corporate, registered to carry on business in the Province of Alberta and having an office in Calgary, Alberta (the "Buyer")

OF THE SECOND PART

IN CONSIDERATION OF THE COVENANTS and agreements contained in this Purchase and Sale Agreement the parties hereto agree as follows:

### Sale of Assets

1. The Seller will sell, transfer and deliver to the Buyer the tangible equipment, as set out and described in the following Schedules, all of which are attached hereto and made part of this Agreement (collectively, the "Assets") on or after November 1, 2020:

Schedule 1: Surplus Equipment (\$1,858,500)

Schedule 2: Operating Equipment (\$1,988,850)

Schedule 3: Mobile Equipment (\$474,000)

Schedule 4: Building, Lease Agreement and Option to Purchase (\$884,713)

Schedule 5: Promissory Note (\$5,206,063)

### Effective Date

2. The Effective Date of the transaction contemplated herein shall be November 1, 2020.

### Purchase Price

3. The Buyer will accept the Assets and pay for the Assets consideration of FIVE MILLION TWO HUNDRED AND SIX THOUSAND AND SIXTY-THREE DOLLARS (\$5,206,063 CDN ) (the "Purchase Price"), and paid by Promissory Note as required in clause 5 of this Agreement. The Seller and the Buyer both



acknowledge the sufficiency of this consideration. The Purchase Price is exclusive of any Goods and Services Tax ("GST"), payable by the Buyer. Seller and Buyer will execute Form RC7244 GST Election.

4. Should any additional present or future use, excise, or similar tax applicable to the sale of the Assets be payable, such amount will be paid by the Buyer.

#### **Payment**

5. The Buyer will make payment for the Assets with a Promissory Note, in the form attached hereto as Schedule 5, which will be executed at the same time and place as execution of this Agreement.

#### **Delivery of Assets**

6. The Assets in Schedule's 1,2,3 and 4 will remain where is as is, for the Sellers Enjoyment subject to the terms of the Right of Use Asset Agreement dated November 1, 2010.

#### **Risk of Loss**

7. The risk of loss from any casualty to the Assets, regardless of the cause, will be the Seller's responsibility. The Seller will be required to provide and pay for insurance during the time Buyer provides the Assets for the benefit and use by the Seller.

#### **Warranties**

8. THE ASSETS ARE SOLD 'AS IS' AND THE SELLER EXPRESSLY DISCLAIMS ALL WARRANTIES, WHETHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. The Seller does not assume, or authorize any other person to assume on the behalf of the Seller, any liability in connection with the sale of the Assets. The Seller's above disclaimer of warranties does not, in any way, affect the terms of any applicable warranties from the manufacturer of the Assets.

9. The Buyer has been given the opportunity to inspect the Assets or to have it inspected and the Buyer has accepted the Assets in its existing condition. Further, the Seller disclaims any warranty as to the condition of the Assets.

#### **Title**

10. Title to the Assets will transfer to the Buyer on November 1, 2020.. The Seller will deliver document of title or registrable bill of sale of the Assets, bearing any necessary endorsement, to the Buyer. The Seller will pay for all costs to register the Buyer's Title to the Assets.

### **Claims**

11. The Buyer will waive notice of defects which will constitute an unqualified acceptance of the Assets and a waiver by the Buyer of all claims with respect to the Assets.

### **Default**

12. The Buyer reserves the right to damages in the amount of the entire Purchase Price or the remaining amount to be paid under the terms of the Promissory Note at the time of the default which are but are not limited to:

- a. in the event of the Buyer's insolvency or bankruptcy; or
- b. if the Seller intentionally burdens the Assets with liens for non-payment of Municipal , Government or third party fees incurred during the course of the Sellers enjoyment of the Assets provided by the Buyer.

### **Notices**

13. Any notice to be given or document to be delivered to either the Seller or Buyer pursuant to this Agreement will be sufficient if delivered personally or sent by prepaid registered mail to the address specified below. Any written notice or delivery of documents will have been given, made and received on the day of delivery if delivered personally, or on the third (3rd) consecutive business day next following the date of mailing if sent by prepaid registered mail:

SELLER:

Abbey Resources Corp.  
Suite 700, 505 - 3rd Street SW  
Calgary AB T2P 3E6

BUYER:

Optimum Petroleum Services Inc.  
Suite 700, 505 - 3rd Street SW  
Calgary AB T2P 3E6

### **Mediation and Arbitration**

14. If any dispute relating to this Agreement between the Seller and the Buyer is not resolved through informal discussion within 14 days from the date a dispute arises, the parties agree to submit the issue first before a non-binding mediator and to an arbitrator in the event that mediation fails. The decision of the arbitrator will be binding on the parties. Any mediator or arbitrator must be a neutral party acceptable to both the Seller and the Buyer. The cost of any mediations or arbitration will be shared equally by the parties.

## **General Provisions**

15. Headings are inserted for convenience only and are not to be considered when interpreting this Agreement. Words in the singular mean and include the plural and vice versa. Words in the masculine mean and include the feminine and vice versa.

16. All representations and warranties of the Seller contained in this Agreement will survive the closing of this Agreement.

17. The Buyer may not assign its right or delegate its performance under this Agreement without the prior written consent of the Seller, and any attempted assignment or delegation without such consent will be void. An assignment would change the duty imposed by this Agreement, would increase the burden or risk involved and would impair the chance of obtaining performance or payment.

18. This Agreement cannot be modified in any way except in writing signed by all the parties to this Agreement.

19. This Agreement will be governed by and construed in accordance with the laws of the Province of Alberta and the Seller and the Buyer hereby attorn to the jurisdiction of the Courts of the Province of Alberta.

20. If any clause of this Agreement is held unconscionable by any court of competent jurisdiction, arbitration panel or other official finder of fact, the clause will be deleted from this Agreement and the balance of this Agreement will remain in full force and effect.

21. This Agreement will inure to the benefit of and be binding upon the Seller and the Buyer and their respective successors and assigns.

22. This Agreement may be executed in counterparts. Facsimile signatures are binding and are considered to be original signatures.

23. Time is of the essence in this Agreement.

24. This Agreement constitutes the entire agreement between the parties and there are no further items or provisions, either oral or otherwise. The Buyer acknowledges that it has not relied upon any representations of the Seller as to prospective performance of the Assets, but has relied upon its own inspection and investigation of the subject matter.

IN WITNESS WHEREOF the parties have executed this Purchase and Sale Agreement on this 1st day of November, 2020.

Abbey Resources Corp. (Seller)



---

Jim Gettis, President

Optimum Petroleum Services Inc. (Buyer)



---

Jim Gettis, President

SCHEDULE 1 attached to a Purchase and Sale Agreement dated November 1, 2020, between Abbey Resources Corp. and Optimum Petroleum Services Inc.

# Fuelled Appraisals



## Abbey Resources - Surplus Equipment

June 3, 2020

Type of Equipment	Description	Location	Fuelled Listing ID	Value
Compressor	Cummins GTA855P3 Gardner Denver SSUG990	Booster Station 14-29-21-19W3	10779	\$21,000
Filter Skid	Filter Package (2) x 24" x 8" and Filter	Booster Station 14-29-21-19W3	10780	\$12,000
Filter Skid	84" x 10' Filter Vessel 275 psi	Booster Surplus Equipment 5-18-22-16W3	10778	\$16,500
Separator	16" 1440 PSI Sweet Separator	Booster Surplus Equipment 5-18-22-16W3	10777	\$2,400
Compressor	CAT G3516LE Frick TDSH355XL Sweet	Cramersburg Plant 13-18-22-20W3	10754	\$85,500
Compressor	CAT G3516LE Gemini E602 2-Std Sweet	Cramersburg Plant 13-18-22-20W3	10757	\$87,000
Compressor	CAT G3516LE Gemini E602 2-Std Sweet	Cramersburg Plant 13-18-22-20W3	10756	\$87,000
Separator	48" x 10' Horizontal Separator 720 PSI	Cramersburg Plant 13-18-22-20W3	10755	\$18,000
Compressor	CAT G3512LE Gemini D602 2-Std Sweet	Lacadena Gas Plant 4-10-22-18W3	10783	\$72,000
Compressor	CAT G3512LE Gemini D602 2-Std Sweet	Lacadena Gas Plant 4-10-22-18W3	10782	\$72,000
Dehy	24" x 28' Dehy 250,000 BTU 1440 PSI	Lacadena Gas Plant 4-10-22-18W3	10781	\$15,000
Tank	750 BBL Producer Water Tank w/ Mixer	Lacadena Gas Plant 4-10-22-18W3	10862	\$4,500
Tank	750 BBL Insulated Cone Bottom Slop Tank	Lacadena South 1-19-22-17W4	11969	\$4,500
Compressor	Waukesha 5790GL Ariel JGE-4 3 Stage	Lacadena South Gas Plant 1-19-22-17W3	10785	\$97,500
Dehy	30" x 28' Dehy 375,000 BTU 1680 PSI	Lacadena South Gas Plant 1-19-22-17W3	10784	\$21,000
Compressor	CAT G3512LE Frick SGCH3515 Sweet	Lancer Gas Plant 12-26-21-20W3	10758	\$60,000
Compressor	CAT G3512LE Gemini D602 2-Std Sweet	Lancer Gas Plant 12-26-21-20W3	10763	\$72,000
Dehy	30" x 28' 1650PSIG Sweet Dehy Package	Lancer Gas Plant 12-26-21-20W3	10759	\$21,000
Filter Skid	Filter Vessel Skid Package 275 psig	Lancer Gas Plant 12-26-21-20W3	10760	\$13,500
Separator	40" x 10' 720 PSI Sweet Hz Separator	Lancer Gas Plant 12-26-21-20W3	10764	\$15,000
Separator	40" x 10' 720 PSI Sweet Hz Separator	Lancer Gas Plant 12-26-21-20W3	10761	\$15,000
Separator	48" x 10' 720 PSI Sweet Hz Separator	Lancer Gas Plant 12-26-21-20W3	10762	\$18,000
Tank	400 BBL Insulated Skidded Tank	Lancer Gas Plant 12-26-21-20W3	10765	\$1,800
Compressor	Waukesha 5790GL / Ariel JGK-4 3 Stage	Matador Gas Plant 14-24-21-18W3	10790	\$100,500
Compressor	Gemini D602 Compressor Unit - No Engine	Matador Gas Plant 14-24-21-18W3	10792	\$24,000
Dehy	24" x 28' Dehy 1415 PSIG 250,000 BTU	Matador Gas Plant 14-24-21-18W3	10789	\$15,000
MCC	225A 1-PH 120/240 60HZ MCC	Matador Gas Plant 14-24-21-18W3	11991	\$7,500
Separator	60" x 20' 720 PSI Separator w/ Filter	Matador Gas Plant 14-24-21-18W3	11971	\$27,000
Tank	750BBL Producer Water Tank w/ Mixer	Matador Gas Plant 14-24-21-18W3	10864	\$4,500
Compressor	CAT G3512LE Gemini E602 2-Std Sweet	Miry Bay Gas Plant 16-24-21-19W3	10773	\$72,000
Compressor	Jenbacher Frick TDSH355L 675HP	Miry Bay Gas Plant 16-24-21-19W3	10769	\$52,500
Compressor	Waukesha L7042GL Frick TDSH 355XL Sweet	Miry Bay Gas Plant 16-24-21-19W3	10749	\$105,000
Filter Skid	24" x 10' S/S Filter Vessel w/ Sump	Miry Bay Gas Plant 16-24-21-19W3	10774	\$6,000
Instrument Air	Quincy Dual Air Compressor QT-5	Miry Bay Gas Plant 16-24-21-19W3	10768	\$2,250

SCHEDULE 1 attached to a Purchase and Sale Agreement dated November 1, 2020, between Abbey Resources Corp. and Optimum Petroleum Services Inc.

# Fuelled Appraisals



## Abbey Resources - Surplus Equipment

June 3, 2020

Type of Equipment	Description	Location	Fuelled Listing ID	Value
Tank	751 BBL Insulated Storage Tank	Miry Bay Gas Plant 16-24-21-19W3	10776	\$3,900
Compressor	Janbacher Frick283SX Screw Package 675HP	Miry Creek 11-24-21-19W3	10797	\$60,000
Compressor	CAT G3512LE Gemini D602 2-Std Sweet	Miry Creek 11-24-21-19W3	10770	\$72,000
Compressor	CAT G3512LE Gemini D602 2-Std Sweet	Miry Creek 11-24-21-19W3	10767	\$72,000
Dehy	24" x 28' Dehy 250,000 BTU 1440 PSI	Miry Creek 11-24-21-19W3	10794	\$15,000
Dehy	24" x 28' Dehy 250,000 BTU (1440 PSI)	Miry Creek 11-24-21-19W3	10793	\$15,000
Filter Skid	Horizontal Sand Filter Separator 720psi	Miry Creek 11-24-21-19W3	10798	\$6,000
Separator	48" x 16' 720 PSI Horizontal	Miry Creek 11-24-21-19W3	10796	\$19,500
Separator	16" x 76" 1480 PSI Sweet Separator	Miry Creek 11-24-21-19W3	10795	\$2,400
Separator	16" x 76" 1480 PSI Sweet Separator	Miry Creek 11-24-21-19W3	10799	\$2,400
Tank	750BBL Painted Produced Water Tank	Miry Creek 11-24-21-19W3	10800	\$2,400
Dehy	24" x 32' 340 MBTU Sweet 1440 PSI	Portreeve Gas Plant 04-28-21-22W3	10802	\$15,000
Filter Skid	Moss Fabrication 275psi Peco Filter Unit	Portreeve Gas Plant 04-28-21-22W3	10803	\$16,500
Filter Skid	Clark-Reliance Coalescing Filter 720 psi	Portreeve Gas Plant 04-28-21-22W3	10804	\$6,000
Office	AtaFab MCG and Office Building	Portreeve Gas Plant 04-28-21-22W3	10806	\$6,000
Separator	48" x 15' 720 PSI Sweet Separator	Portreeve Gas Plant 04-28-21-22W3	10805	\$22,500
Tank	750BBL Cone Bottom Slop Tank (Damaged)	Portreeve Gas Plant 04-28-21-22W3	10807	\$900
Dehy	30" x 30' Dehy 1415 PSI 625,000 BTU	Shackleton Gas Plant 14-36-20-19W3	10788	\$21,000
Separator	36" x 12' 1440 PSI Sour Hz Separator	Shackleton Gas Plant 14-36-20-19W3	10786	\$18,000
Compressor	CAT G3408TA Ariel JGJ-2 3 Std Sweet	Snipe Lake Gas Plant 13-21-23-19W3	10811	\$55,500
Compressor	Caterpillar 3512 Gemini D602 810HP	Snipe Lake Gas Plant 13-21-23-19W3	10810	\$72,000
Dehy	24" x 32' S/S Dehy 1440 psi 250,000 BTU	Snipe Lake Gas Plant 13-21-23-19W3	10809	\$15,000
Dehy	30" x 29' Dehy 370,000 BTU 1415 PSI	Spring Creek Compressor Station 13-26-21-20W3	10813	\$21,000
Flare Knock Out Drum	Flare Knockout Housed Size Pressure TBD	Spring Creek Compressor Station 13-26-21-20W3	10816	\$3,000
Tank	750 BBL Insulated Coated Tank	Spring Creek Compressor Station 13-26-21-20W3	10819	\$4,500
Tank	50 BBL Insulated Waste Oil Tank	Spring Creek Compressor Station 13-26-21-20W3	10818	\$750
Dehy	30" x 29' Dehy 400,000 BTU 1415 PSI	White Bear Gas Plant 3-2-23-16W3	10821	\$21,000
Flare Knock Out Drum	4' x 126" Underground 50psi Coated FKO	White Bear Gas Plant 3-2-23-16W3	10824	\$1,500
Separator	72" x 20' 285 psi Horizontal Separator	White Bear Gas Plant 3-2-23-16W3	10822	\$27,000
Tank	750 BBL Insulated Tank 5HP Side Mixer	White Bear Gas Plant 3-2-23-16W3	10823	\$4,500
Tank	750 BBL Insulated Storage Tank	White Bear Gas Plant 3-2-23-16W3	10822	\$3,900
Tank	750 BBL Insulated Storage Tank	White Bear Gas Plant 3-2-23-16W4	11970	\$3,900
			<b>TOTAL</b>	<b>\$1,858,500</b>

SCHEDULE 2 attached to a Purchase and Sale Agreement dated November 1, 2020, between Abbey Resources Corp. and Optimum Petroleum Services Inc.

# Fuelled Appraisals



## Abbey Resources - Operating Equipment

July 2, 2020

Type of Equipment	Location	Description	Value
Compressor	Abbey Plant 16-29-21-19W3	Waukesha L5774LT Ariel JGK4 3-Stg Sweet (2006)	\$112,500
Compressor	Abbey Plant 16-29-21-19W3	Waukesha L5774LT Ariel JGK4 3-Stg Sweet (2006)	\$112,500
Filter Skid	Abbey Plant 16-29-21-19W3	18" x 10' (Est.) 285 PSI Filter Un Skidded #3849-1 (2006)	\$3,000
Filter Skid	Abbey Plant 16-29-21-19W3	18" x 10' (Est.) 285 PSI Filter Un Skidded #3849-1 (2006)	\$3,000
Filter Skid	Abbey Plant 16-29-21-19W3	18" x 10' (Est.) 285 PSI Filter Un Skidded #3849-1 (2006)	\$3,000
Separator	Abbey Plant 16-29-21-19W3	48" x 16' (Est.) 285 PSI Sweet Separator (2005)	\$15,000
Tank	Abbey Plant 16-29-21-19W3	670 BBL Insulated, Heated Storage Tank (2010)	\$3,900
Tank	Abbey Plant 16-29-21-19W3	750 BBL Insulated, Heated Storage Tank (2007)	\$4,500
Compressor	Cramersburg Plant 13-18-22-20W3	CAT G3516LE Gemini D604 3-Stg Sweet (2005)	\$90,000
Dehy	Cramersburg Plant 13-18-22-20W3	30" x 28' Dehy 375,000 BTU 1600 PSI (2004)	\$21,000
Filter Skid	Cramersburg Plant 13-18-22-20W3	34" x 10' Filter Vessel 275 PSI (2007)	\$16,500
Separator	Cramersburg Plant 13-18-22-20W3	60" x 20' (Est.) 720 PSI Sweet Vertical Separator (2007)	\$28,500
Tank	Cramersburg Plant 13-18-22-20W3	1000 BBL Insulated Storage Tank (2007)	\$5,250
Compressor	Lacadena North Plant 04-10-23-18W3	Waukesha L5774LT Kobelco KS32LNB Sweet (2005)	\$82,500
Dehy	Lacadena North Plant 04-10-23-18W3	24" x 28' Dehy 250,000 BTU 1440 PSI (2003)	\$12,000
Pump	Lacadena North Plant 04-10-23-18W3	Dual 5 HP Hydra Cell Pump Package (2008)	\$6,000
Separator	Lacadena North Plant 04-10-23-18W3	48" x 15' 720 PSI Sweet Separator w/ Filter (2008)	\$24,000
Tank	Lacadena North Plant 04-10-23-18W3	750 BBL Insulated, Heated Storage Tank (1999)	\$3,900
Tank	Lacadena North Plant 04-10-23-18W3	750 BBL Insulated Storage Tank (2008)	\$3,900
Tank	Lacadena South Plant 01-19-22-17W10	750 BBL Insulated Storage Tank (1996)	\$1,800
Tank	Lacadena South Plant 01-19-22-17W11	750 BBL Insulated Storage Tank (1997)	\$1,800
Tank	Lacadena South Plant 01-19-22-17W12	750 BBL Insulated Storage Tank (1996)	\$1,800
Compressor	Lacadena South Plant 01-19-22-17W13	Waukesha L7042GL Ariel JGK4 3-Stg Sweet (2003)	\$120,000
Compressor	Lacadena South Plant 01-19-22-17W13	Waukesha L7042GL Ariel JGK4 3-Stg Sweet (2002)	\$120,000
Compressor	Lacadena South Plant 01-19-22-17W13	Waukesha L7042GL Ariel JGK4 3-Stg Sweet (2003)	\$120,000
Compressor	Lacadena South Plant 01-19-22-17W13	Waukesha L7042GL Ariel JGK4 3-Stg Sweet (2003)	\$120,000
Dehy	Lacadena South Plant 01-19-22-17W13	30" x 30' Dehy 1415 PSI 750,000 BTU (1997)	\$15,000

SCHEDULE 2 attached to a Purchase and Sale Agreement dated November 1, 2020, between Abbey Resources Corp. and Optimum Petroleum Services Inc.

# Fuelled Appraisals

## Abbey Resources - Operating Equipment



July 2, 2020

Type of Equipment	Location	Description	Value
Dehy	Lacadena South Plant 01-19-22-17W13	24' x 28' Dehy 375,000 BTU 1440 PSI (2003)	\$12,000
MCC	Lacadena South Plant 01-19-22-17W13	200A 120/240V MCC (1998)	\$4,500
MCC	Lacadena South Plant 01-19-22-17W13	MCC Building	\$1,500
Tank	Lacadena South Plant 01-19-22-17W13	Open Top Floc Tank (T-1303)	\$4,500
Tank	Lacadena South Plant 01-19-22-17W13	Open Top Floc Tank (T-1304)	\$4,500
Tank	Lacadena South Plant 01-19-22-17W3	50 BBL Spent Oil Tank (2002)	\$750
Tank	Lacadena South Plant 01-19-22-17W4	100 BBL DW Insulated Heated Tank (2004)	\$1,500
Misc.	Lacadena South Plant 01-19-22-17W5	5-Station Pigging Building	\$4,500
Pump	Lacadena South Plant 01-19-22-17W5	Non-Skidded Water Injection Building AJAX DP-115 (1987) OBSOLETE	\$3,000
Separator	Lacadena South Plant 01-19-22-17W5	48' x 15' 285 PSI Sweet Separator (2002)	\$15,000
Separator	Lacadena South Plant 01-19-22-17W5	72' x 20' Horizontal Separator 285 PSI Sweet (2002)	\$27,000
Tank	Lacadena South Plant 01-19-22-17W5	100 BBL Heated Double Walled Insulated Tank (2004)	\$1,800
Tank	Lacadena South Plant 01-19-22-17W5	750 BBL Insulated Storage Tank (1994)	\$2,400
Tank	Lacadena South Plant 01-19-22-17W5	750 BBL Insulated Storage Tank (2006)	\$2,400
Tank	Lacadena South Plant 01-19-22-17W6	750 BBL Insulated Storage Tank (2006)	\$2,400
Tank	Lacadena South Plant 01-19-22-17W7	750 BBL Insulated Storage Tank (1997)	\$1,800
Tank	Lacadena South Plant 01-19-22-17W8	750 BBL Insulated Storage Tank (2004)	\$2,400
Tank	Lacadena South Plant 01-19-22-17W9	750 BBL Insulated Storage Tank (2004)	\$2,400
Compressor	Miry Bay Plant 16-24-21-19W3	CAT G3512LE Gemini D604 3-Stg Sweet (2004)	\$75,000
Dehy	Miry Bay Plant 16-24-21-19W3	30' x 28' 1480PSIG 600 MBTU Sweet Dehy (2004)	\$21,000
Filter Skid	Miry Bay Plant 16-24-21-19W3	30' x 10' 720 PSI Filter Package (2006)	\$8,250
Separator	Miry Bay Plant 16-24-21-19W3	60' x 20' 720 PSI Sweet Separator (2006)	\$27,000
Tank	Miry Bay Plant 16-24-21-19W3	400 BBL Insulated Storage Tank (2003)	\$1,500
Compressor	Shackleton Plant 14-36-20-19W3	CAT G3412LE Ariel AR-282 Sweet (2001)	\$30,000
Compressor	Shackleton Plant 14-36-20-19W3	Jenbacher J312 Frick TDSH 355L Sweet (2005)	\$63,000
Compressor	Shackleton Plant 14-36-20-19W3	Waukesha L7042GL Ariel JGK4 3-Stg Sweet (2002)	\$120,000
Compressor	Shackleton Plant 14-36-20-19W3	Waukesha L7042GSI Ariel JGK4 3-Stg Sweet (1995)	\$90,000



SCHEDULE 2 attached to a Purchase and Sale Agreement dated November 1, 2020, between Abbey Resources Corp. and Optimum Petroleum Services Inc.

# Fuelled Appraisals

## Abbey Resources - Operating Equipment



July 2, 2020

Type of Equipment	Location	Description	Value
Dehy	Shackleton Plant 14-36-20-19W3	80' x 24' 1415 PSI Sweet (2006)	\$21,000
Dehy	Shackleton Plant 14-36-20-19W3	30' x 30' Dehy 1415 PSI 625,000 BTU (1997)	\$15,000
Flare Knockout	Shackleton Plant 14-36-20-19W3	50 BBL 50 PSI Flare Knockout (2006)	\$5,250
MCC	Shackleton Plant 14-36-20-19W3	480V 1200A 3 Phase MCC (2006)	\$22,500
MGC	Shackleton Plant 14-36-20-19W3	480V 400A 3 Phase MCC (2000)	\$13,500
MCC	Shackleton Plant 14-36-20-19W3	MCC Building (2008)	\$6,000
Misc.	Shackleton Plant 14-36-20-19W3	Office Building	\$19,500
Misc.	Shackleton Plant 14-36-20-19W3	24' x 10' (EST) Storage/Office Building	\$7,500
Misc.	Shackleton Plant 14-36-20-19W3	8-Well Pigging Manifold Building	\$4,500
Misc.	Shackleton Plant 14-36-20-19W3	24' x 16' (EST) Flocculent Building	\$15,000
Misc.	Shackleton Plant 14-36-20-19W3	Dual Centrifuge Package (2006)	\$105,000
Pump	Shackleton Plant 14-36-20-19W3	Dual 20 HP (Est.) Water Injection Pump Building	\$12,000
Separator	Shackleton Plant 14-36-20-19W3	60' x 20' 285 PSI Separator Sweet (2002)	\$16,500
Tank	Shackleton Plant 14-36-20-19W3	1000 BBL Insulated Storage Tank (2007)	\$5,250
Tank	Shackleton Plant 14-36-20-19W3	750 BBL Insulated Storage Tank (2006)	\$3,900
Tank	Shackleton Plant 14-36-20-19W3	100 BBL (EST) Plastic Storage Tank	\$300
Tank	Shackleton Plant 14-36-20-19W3	100 BBL (EST) Plastic Storage Tank	\$300
Tank	Shackleton Plant 14-36-20-19W3	100 BBL Double Wall Insulated Storage Tank (2006)	\$1,800
Tank	Shackleton Plant 14-36-20-19W3	750 BBL Insulated Storage Tank (1997)	\$1,800
Tank	Shackleton Plant 14-36-20-19W3	750 BBL Insulated Storage Tank w/ Mixer (1996)	\$1,800
Tank	Shackleton Plant 14-36-20-19W3	1500 BBL Insulated Storage Tank w/ Mixer (2006)	\$6,750
Tank	Shackleton Plant 14-36-20-19W3	1500 BBL Insulated Storage Tank w/ Mixer (2006)	\$6,750
Compressor	Snipe Lake 13-21-23-19W3	CAT G3512LE Gemini D602 2-Stg Sweet (2004)	\$72,000
Filter Skid	Snipe Lake 13-21-23-19W3	24' x 14' 1440 PSI Filter Skid Sweet (2005)	\$7,500
Misc.	Snipe Lake 13-21-23-19W3	Multi Well Manifold Building Non-Skidded	\$0
Separator	Snipe Lake 13-21-23-19W3	48' x 10' Horizontal Separator 720 PSI Sweet (2004)	\$18,000
Tank	Snipe Lake 13-21-23-19W3	750 BBL Insulated Storage Tank (1998)	\$18,000

SCHEDULE 2 attached to a Purchase and Sale Agreement dated November 1, 2020, between Abbey Resources Corp. and Optimum Petroleum Services Inc.

# Fuelled Appraisals

## Abbey Resources - Operating Equipment



July 2, 2020

Type of Equipment	Location	Description	Value
			\$1,988,850

**SCHEDULE 3 attached to a Purchase and Sale Agreement dated  
November 1, 2020, between Abbey Resources Corp. and  
Optimum Petroleum Services Inc.**

## Mobile Equipment

Contractors Equipment	Value
2005 Kenworth Coil Tubing Unit, Serila No. 1XKDDBEXX5R980254	\$ 163,500
2006 Utility Trailer, Serial No. 2SWUW11A56G297553	\$ 2,250
2007 Cargo Trailer, Serial No. 5NHUAS21071030309	\$ 2,250
2004 Joyner Atv, Serial No. L5BG2MV64E1023458	\$ 5,400
2009 Joyner ATV, Serial No. L5BG2MV69B1018762	\$ 5,400
2009 Joyner ATV, Serial No. L5BG2MV69B1018763	\$ 5,400
Masey Ferguson Tractor Loader and Farming King Mower	\$ 8,070
High Pressure Steam Boiler, Model No. OTS-O20H, Serial No. 4842 mounted in a Pintle Hitch Trailer, FX9 Series, Model No. FX9-816-78-T70, Serial No. 2JAAH7626J1004081	\$ 30,030
2002 Kenworth T-800 Vac Truck, Serial No. 1NKDL49X02R965633	\$ 70,500
1997 Scona Vac Trailer, Tri Axle, Serial No. 2E9H45D36V3003746	\$ 37,500
2015 Back hoe - Case 580SN WT, Serial No. JJGN58WRTFC723535	\$ 32,400
2019 Diamond C FMAX210 30' Gooseneck Trailer, Serial No. 46UF43021K1212797	\$ 9,000
John Deere Gator, Serial No. 1M0825GSKEM080225 Snow Tracks, Serial No. 6722IR00091-0 / 6722IR00091-1 / 6722IR00091-2 / 6722IR00091-3	\$ 11,250
John Deere Gator, Serial No. 1M0825GSCEM080356 Snow Track, Serial No. 6522NIA3639-0 / 6522NIA3639-1 / 6522NIA3639-2 / 6522NIA3639-3	\$ 11,250
John Deere Gator, Serial No. 1M0825GSABM022911 Snow Tracks, Serail No. 6522NIA3638-0 / 6522NIA3638-1 / 6522NIA3638-2 / 6522NIA3838-3	\$ 11,250
John Deere Gator, Serial No. 1M0825GSCBM022906 Snow Tracks, Serial No. 6522NIA3637-0 (RF) / 6522NIA3637-1 (LF) / 6522NIA3637-2 (RR) / 6522NIA3637-03 (LR)	\$ 11,250
John Deere Gator, Serial No. 1M0825GSTDM064232 Snow Tracks, Serial No. 6822IT22227-0 / 6822IT22227-01 / 6822IT22227-02 / 6822IT22227-3	\$ 11,250
Kubota RTV, Side by Side, Serial No. Snow Tracks, Seral No.	\$ -
2016 Trailer with a portable Compressor Unit, Serial No. 2H9TL23C771068796	\$ 22,500
2008 Transport Trailer, Serial No. 4J6TC16258B098851	\$ 4,500
2005 10 Cube Mud Tank, Serial No. 2C9MAS2155B193004	\$ 8,550
920 Catterpillar Payloader, Serial No.	\$ 10,500
	\$ 474,000
	\$0
	\$474,000

**LEASE AGREEMENT & OPTION TO PURCHASE**

THIS LEASE AGREEMENT and OPTION TO PURCHASE is made effective this 1st day of September, 2020 between:

**SPITFIRE INVESTMENTS LTD.**

a duly incorporated corporation having an office at  
Box 4888 (4902 — 53 Street), Taber, AB T1G 2E1  
(hereinafter referred to as "the Lessor")

OF THE FIRST PART

-and-

**ABBEY RESOURCES CORP.**

a duly incorporated corporation having an office at  
Suite 700, 505 3<sup>rd</sup> Street SW, Calgary, AB T3B 5A2  
(hereinafter referred to as "the Lessee")

OF THE SECOND PART.

WHEREAS the lessor is the registered owner of a certain parcel of land and building located in Swift Current, Saskatchewan on the lands legally described as:

Ptn. PLAN 102019340; PARCEL A; LOT 5 (2.70 Acres m/1)

Upon which there is presently situated an 8,000 square foot building which the Tenant desires to lease (herein called the "Leased Premises" or the "Premises").

AND WHEREAS the Lessor has agreed to lease to the Lessee the Land and Building on certain terms and conditions;

AND WHEREAS the Parties hereto wish to document the terms of their agreement;

NOW THEREFORE this agreement witnesses that in consideration of the foregoing recitals, and in consideration of the rents and covenants hereinafter contained, the parties hereto have agreed and do agree as follows:

1. The Lessor does hereby lease unto the Lessee the Land and the Building together with all appurtenances relating thereto or connected thereto (all of which is herein referred to as "the premises")
2. The Lessee shall have and hold the premises for a term of ten (10) years commencing September 1, 2020 and continuing to and including August 31, 2030.
3. The Lessee shall pay a total rental of \$9,450.00 plus GST and PST (if applicable) per month in advance during the term of this lease, commencing on September 1, 2020 and continuing on the 1st day of each and every month thereafter to and including August 1, 2030. All rental payments shall be made to the Lessor.

*[Handwritten signature]*

4. The Lessee agrees that it shall conduct any and all business operations in compliance with all governmental rules and regulations, whether municipal or provincial or federal, that apply or that have jurisdiction to the Lessor.
5. With respect to utilities and in particular electricity and natural gas, the Lessee shall pay for all utilities provided and supplies to the premises including charges for demand load and for consumption. The Lessee will pay and be responsible for any and all other utility costs such as water delivery and sewer services to premises.
6. The Lessee shall be responsible for all real property taxes assessed by the appropriate taxing authority against the land and building from the effective date. The Lessee shall pay to the Landlord on a monthly basis a sum of \$1,000.00 which shall be credited towards such tax payment. The parties agree to adjust the amount depending upon the taxes as determined on an annual basis.
7. The Lessor will insure the Land and Building for all customarily insurable losses due to fire, tempest, vandalism, etc. however, the Lessee will pay the premiums for said insurance coverage during the term of this agreement against fire and other coverage for perils related to the Land and Building. The Lessee will be responsible to insure its own inventory, tools, equipment and vehicles that it keeps on the premises.
8. The Lessee shall be responsible, at its expense, for all cleaning and disinfecting of the premises on an on-going basis as required. The Lessee shall clean the premises on or just prior to surrendering up possession of the premise at the conclusion of the term of this lease.
9. The Lessee will keep the premises and its mechanical systems and equipment in good and substantial repair, and will manage and be responsible for all normal day-to-day maintenance and servicing. The Lessee shall conduct its business and shall use and operate the mechanical systems installed in the premises in a responsible and prudent manner. The Lessee shall be responsible to pay for the repairs or maintenance that are occasioned by normal use, normal wear and tear, or normal deterioration and shall be responsible to pay for any repairs, parts or services that are occasioned by the Lessee's negligence or reckless or willful misconduct.
10. The Lessee shall bear the costs and damages resulting from any misuse or abuse of the mechanical systems, if any, in the premises by the Lessee or the Lessee's employees, agents or invitees.
11. The Lessee shall, at the termination of this Lease, deliver up and surrender the premises to the Lessor in a state of repair and condition equivalent to the condition at the commencement of this lease (reasonable wear and tear excepted)



12. The Lessee will permit the Lessor reasonable access at all reasonable times to enter upon the premises to inspect its state of condition.
13. The lessee shall not assign or sub-let its interests under this Lease or any portion thereof unless it has first obtained written consent from the Lessor, which consent shall not to be unreasonably withheld. In the event of a consented assignment or sub-letting, the Lessee shall always remain liable to the Lessor and shall not stand released by the lessor, of the Lessee's covenants and obligations contained herein.
14. The Lessee, for the full term of this Leases will carry liability insurance that includes coverage for its business carried on in the premises in an amount not less than \$3,000,000.00. The Lessor shall be a named insured on such policy. The Lessee will provide a copy of such policy to the Lessor upon request.
15. The Lessee shall not make or install and fixtures, nor any alterations or partitions to the buildings, without prior written consent of the Lessor which consent shall not be unreasonably withheld.
16. In the event the Lessee fails to make a rental payment as provided herein, or makes default in some other term of this lease agreement, the Lessor will notify the Lessee by registered mail; and if the default has not been correct or rectified within fifteen (15) days from the date of receipt of the notice the Lessor then shall have the right to re-enter and take possession of the premises and the Lease may be terminated for default; and the Lessor shall, if the Lease is not terminated, be entitled to distrain for the amount of unpaid rental arrears.
17. This Lease shall be governed by the laws of the Province of Saskatchewan, but should any provision or provisions hereof declared unenforceable by a court of competent jurisdiction, such provision shall be severable from the other provisions which other provisions shall remain in full force and affect.
18. It is agreed between the Lessor and Lessee that:
  - i. The Lessor, its agents, servants, and employees shall not be liable for damage or injury to any property of the Lessee which is entrusted to the care or control of the Lessor, its agents, servants or employees;
  - ii. The Lessor shall not be liable, nor the responsible in any way for any personal or consequential injury that may be suffered by the lessee or any employee, agent, customer, invitee or licence of the Lessee
  - iii. The Lessor shall not be liable, nor responsible in any way for any loss of or damage or injury to any property or inventory belonging to the Lessee or to its employees, caused by the interruption of any public utility;

21 8

- iv. The Lessor shall not be liable for any damages suffered to the premises or contents by reason of the Lessor entering the premises to undertake any work therein in the case of an emergency; but
  - v. Nothing in these provisions shall preclude the Lessee from seeking legal redress in the event of damages, injuries to employees or third parties, or interruptions of peaceful possession of the premises which shall occur as the result of negligence or willful conduct or failure to perform the Lessor's covenants and obligations on the part of the Lessor;
  - vi. The Lessee shall have the right to register a Caveat regarding the Lease and Option to Purchase at the appropriate Land Titles Office; and
  - vii. Nothing herein shall preclude the Lessee from obtaining legal relief in the event of interruption of peaceful possession.
19. The Lessee agrees that is shall indemnify, defend, and hold the Lessor and the Lessor's officers, directors, employees and agents harmless from and against any and all loss, liability, costs, claims, strict liability claims, demands, lawsuits, causes of actions, fines, judgements, penalties damages, expenses and costs (including solicitor fees) in connection with actual or alleged damage to the premises, personal injury, and/or loss of life arising from or relating to the use, occupation and possession of the premises by the Lessee and by the Lessee's agents, employees, officers, invitees, and directors, except to the extent caused by the Lessor's own actions from the Effective Date.
20. The indemnification contained in clause 19 shall include any and all loss, liability, remediation and clean-up costs, private third party claims, government claims, strict liability claims, demands, lawsuits, cause of action, fines, judgements, penalties, expenses and costs (including solicitor fees) arising out of or resulting from any violation of any laws, orders, directives, rules, regulations, orders, or decrees, or other similar requirement of any government, court, or authority, that relate to the environmental pollution, environmental control, or environmental matters of any kind on the premises which occurred after the Effective Date.
21. The indemnification contained in clause 19 shall include any and all loss, liability, remediation and clean-up costs, private third parry claims, governmental claims, strict liability claims, demands, lawsuits, cause of action, fines judgements, penalties, expenses, and costs (including solicitor fees) arising out of or resulting from the presence, release, storage, use, handling, disposal, or dispersal of any substance or material in, on , or from the premises that, actually or alleged, caused environmental harm or damage to property or natural resources that occurred after the Effective Date.
22. The parties hereto acknowledge having done a physical inspection and walk through of the premises prior to the execution of this agreement.



**OPTION TO PURCHASE**

- 23.** In consideration of the sum of one (\$1.00) and other good and valuable consideration paid by the Lessee to the Lessor, the receipt and sufficiency of which is hereby acknowledged, and in consideration of the Lessee abiding by and performing the covenants and terms set out in the above Lease, the Lessor (hereinafter referred to as "the Optioner") hereby grants to the Lessee (hereinafter referred to as "the Optionee") the exclusive and irrevocable option to purchase the premises (hereinafter referred to as "the Property"), within the time limited for exercise (the "Option"), free and clear of all encumbrances, liens, estates and interests whatsoever except for any existing easements and rights-of-way and except for any subsisting reservations or exceptions contained in the original grant of the land from the crown, on and subject to the terms and conditions set out below.
- i. The Option may be exercised at any time up to July 1, 2030 but not after such date (which mentioned date is herein referred to as the "Option Exercise Date") and shall be exercised by delivering to or mailing by prepaid registered mail addressed to the Optioner at the address specified below, a notice in writing of such exercise with thirty (30) days notice to the Optioner. If the Optionee fails to exercise the Option in a manner required by the Option Exercise date the Option shall immediately lapse and expire and be of no further force and effect and the Optionee shall have no further interest in the Property or under the option agreement. In such event the consideration paid by the Optionee to the Optioner for the granting of the Option shall be retained by the Optioner and the Optionee shall immediately discharge any caveat or interest registered against the title to the Lands by virtue of this option agreement.
  - ii. If the Option is exercised within the time and in the manner stated in clause 23, and provided that the Optionee is abiding by all terms of the above Lease with the said Lease being in good standing and provided that there has been no default by the Optionee under the terms of the above lease, the parties hereto agree the Optioner shall be bound to sell and the Optionee shall be bound to purchase the property on the terms and conditions set out below. The purchase price shall be based on the dollar amount according to the "Balance" column on the Amortization schedule attached in lawful money of Canada (the "Purchase Price") plus applicable GST and PST (if applicable). The Purchase Price shall be subject to adjustments and shall be paid by the Optionee's solicitor's trust cheque or bank draft, on or before the Closing Date as hereinafter defined. Further terms and provisions are as set out below.
  - iii. The closing date shall be the last day of the month in which the receipt by the notice of intent to exercise of the Option is received by the Optioner (the "Closing Date").

3/1 8



- iv. All regular lease payment pursuant to paragraph 3 of this Agreement shall be made by the Optionee up to and including the Closing Date, and thereafter, if the purchase is properly completed, no further lease payments shall be owing by the Optionee.
- v. The Optionee will have an option to purchase before the Closing date according to the Amortization schedule attached.
- vi. Any expenses and adjustable items with respect to the Property, together with any recoveries that either party may be entitled to claim from the other, shall be adjusted and paid between the parties as of the Closing Date.
- vii. On or before the Closing Date, subject to performance of the Optionee's obligations hereunder, the Optionor covenants to deliver to the Optionee's solicitors:
  - a. A registrable transfer of Lands and appropriate Vendor's Solicitor's undertakings which when relied upon and/or registered at the Land Titles Office or property registry will cause title to the Property to issue in the name of the Optionee free and clear of all non-permitted encumbrances, liens, estates and interests;
  - b. A statement of adjustments; and
  - c. Executed copies of a Surrender of Lease in a form and content acceptable to the Optionee's solicitors (The Surrender of Lease") if the Lease has not already expired.
- viii. The Optionee covenants to deliver to the Optionor's solicitor the balance of the purchase price subject to the adjustments.
- ix. The Optionee acknowledges that it is the tenant of the Property pursuant to the above Lease. The Optionee acknowledges and agrees that certain care and upkeep of the Property are at the sole risk and responsibility of the Optionee pursuant to the provisions of the Lease and that any such care and maintenance performed by the Optionee shall be at its cost in accordance with its obligations thereunder and all without abatement or reduction of the Purchase Price.
- x. The Optionee acknowledges that it has inspected the Property and agrees that there are no warranties, representations, terms or conditions relating to the Property or the state of repair or the suitability for any purpose or use thereof, it being acknowledged and agreed that the Property is being purchased on a strictly "as is" basis.
- xi. The Optionor and Optionee agree to promptly execute and deliver all necessary documents and to do all things necessary in order to fully carry out and perform the intent to this option agreement.
- xii. The Transfer of Land and other conveyance documents shall be prepared at the expense of the Optionor and shall be registered at the expense of the

Optionee. The Optionor shall discharge, at its expense, all encumbrances, liens, estates and interests which are not permitted encumbrances.

- xiii. Time shall be, in all respects, the essence of this option agreement.
- xiv. This option agreement shall be governed by the laws of the Province of Saskatchewan.
- xv. Unless expressly provided otherwise, any notice or correspondence required, permitted or contemplated to be given shall be sufficiently given if delivered in person to or mailed by registered mail addressed to the other party as follows:

To the Optionor:     Box 4888  
                          Taber, AB T1G 2E1

To the Optionee:    Suite 700, 505 3<sup>rd</sup> Street SW,  
                          Calgary, AB T2P 3E6

Any notice or correspondence given by mail shall be deemed to have been received when delivered on the fifth business day following the postmark date.

- xvi. No waiver by the Optionee of the strict performance of any term, covenant or condition herein contained shall be effective unless such waiver is in writing signed by the party granting.
- xvii. Delivery of the Transfer of Land and the subsequent issuance of title into the name of the Optionee shall not merge or affect any of the terms, covenants and conditions herein contained.
- xviii. If the date for making any payment or doing any act shall be a Saturday, Sunday or statutory holiday in the Town of Swift Current, such date shall be extended to the first business day next following such date.
- xix. If any term, covenant, or condition of this option agreement or the application thereof to any party or circumstances shall to any extent be invalid or unenforceable, the remainder of this agreement or application of such term, covenant or condition to a party or circumstance other than those as to which it is held invalid or unenforceable shall not be affected thereby and each term, covenant or condition of this agreement shall be valid and enforceable to the full extent permitted by law.
- xx. The Optionor and Optionee agree that this option agreement contains all the terms, conditions, provisions and agreements relative to the purchase and sale of the Property and that there are no additional or collateral warranties, representations, agreements, terms, conditions or provisions whatsoever, including without limitation any relating to land use or the development of the Lands, except as expressly contained herein.
- xxi. If the Optionee exercises the Option and subsequently fails to complete the purchase of the Property the Optionor shall be entitled, at its option, to terminate this agreement by notice in writing to the Optionee and retain the consideration for the granting of the Option on account of liquidated

damages, and all without prejudice to any further rights or remedies the Optionor may have against the Optionee as a result thereof, or to require specific performance of this agreement or exercise any other remedy available to it at law or in equity.

- xxii. If the Optionor is prepared to accept the payment of the Purchase Price subsequent to the Closing Date, which the Optionor has no Obligation to do, interest shall be payable on such sum at a rate per annum equal to ten percent (10%) per annum calculated from Closing Date to the date of payment and unconditional release of the Purchase Price to the Optionor's solicitors. The obligation to pay interest on the Purchase Price, if the Optionor is prepared to accept payment subsequent to the Closing Date, shall not be a waiver of time being of the essence of this agreement.
- xxiii. The Optionee agrees with the Optionor that it shall not be entitled to assign this Option in whole or in part to an unrelated third party, and that its agreement to observe this covenant shall be a complete and absolute prohibition against any such assignment. The Optionee further acknowledges and represents that its covenant to not assign this Option to an unrelated third party has induced the Optionor to enter into this agreement in the absence of which the Optionor would not have done so. The Optionee may only assign this Option to a related third-party with the written consent of the Optionor, which consent shall not be unreasonably withheld.
- xxiv. This option agreement shall enure to the benefit of and binding upon the parties hereto and their respective successors and administrators, and shall where required by context be read with all necessary changes of gender or number.

24. The covenants herein contained shall be binding on the parties hereto and their respective administrators, trustees, receivers, and permitted assigns.

25. All matters and differences in relation to this Lease or arising from the Option shall be referred to arbitration in accordance with *The Arbitration Act* for the Province of Saskatchewan; or, if agreed upon by the parties hereto to arbitration by a single arbitrator if the parties hereto agree upon one; or three arbitrators, one to be appointed by each party and the third to be chosen by the first two named before they enter upon the business of arbitration. PROVIDED HOWEVER, if a party to the arbitration procedure refuses to appoint an arbitrator within fourteen (14) days after the other party has appointed its arbitrator and that party has served notice on the other party requiring the other party to make such appointment, then the arbitrator first appointed shall, at the

Handwritten initials and a checkmark.

request of the party appointing him, proceed to hear the matter as if the arbitrator was duly appointed by both parties to the dispute. The award and determination made by the said arbitrator(s) or the majority of them or by the single arbitrator, as the case may be, shall be binding and final upon the parties hereto, their successors and assigns.

26. The Lessee does hereby accept this lease.

27. This Agreement may be executed in counterparts and by electronic or facsimile transmission, each of which counterpart shall constitute an original and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties hereto have executed this agreement by their respective duly authorized officers in that behalf, as of the day and year first above written.

**SPITFIRE INVESTMENTS LTD.**

**ABBAY RESOURCES CORP.**

PER: 

PER: 

(Sidney Tams - Director)

(JIM GETTIS - Director)

Abbey Resources Corp.

Compound Period ..... : Monthly

Nominal Annual Rate .... : 4.869 %

## CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Lease	09/01/2020	900,000.00	1		
2 Lease Payment	09/01/2020	9,450.00	120	Monthly	08/01/2030

## AMORTIZATION SCHEDULE - Normal Amortization

	Date	Lease Payment	Interest	Principal	Balance
Lease	09/01/2020				900,000.00
1	09/01/2020	9,450.00	0.00	9,450.00	890,550.00
2	10/01/2020	9,450.00	3,613.36	5,836.64	884,713.36
3	11/01/2020	9,450.00	3,589.68	5,860.32	878,853.04
4	12/01/2020	9,450.00	3,565.90	5,884.10	872,968.94
2020 Totals		37,800.00	10,768.94	27,031.06	
5	01/01/2021	9,450.00	3,542.02	5,907.98	867,060.96
6	02/01/2021	9,450.00	3,518.05	5,931.95	861,129.01
7	03/01/2021	9,450.00	3,493.98	5,956.02	855,172.99
8	04/01/2021	9,450.00	3,469.82	5,980.18	849,192.81
9	05/01/2021	9,450.00	3,445.55	6,004.45	843,188.36
10	06/01/2021	9,450.00	3,421.19	6,028.81	837,159.55
11	07/01/2021	9,450.00	3,396.73	6,053.27	831,106.28
12	08/01/2021	9,450.00	3,372.17	6,077.83	825,028.45
13	09/01/2021	9,450.00	3,347.51	6,102.49	818,925.96
14	10/01/2021	9,450.00	3,322.75	6,127.25	812,798.71
15	11/01/2021	9,450.00	3,297.89	6,152.11	806,646.60
16	12/01/2021	9,450.00	3,272.92	6,177.08	800,469.52
2021 Totals		113,400.00	40,900.58	72,499.42	
17	01/01/2022	9,450.00	3,247.86	6,202.14	794,267.38
18	02/01/2022	9,450.00	3,222.70	6,227.30	788,040.08
19	03/01/2022	9,450.00	3,197.43	6,252.57	781,787.51
20	04/01/2022	9,450.00	3,172.06	6,277.94	775,509.57
21	05/01/2022	9,450.00	3,146.59	6,303.41	769,206.16
22	06/01/2022	9,450.00	3,121.01	6,328.99	762,877.17
23	07/01/2022	9,450.00	3,095.33	6,354.67	756,522.50
24	08/01/2022	9,450.00	3,069.55	6,380.45	750,142.05
25	09/01/2022	9,450.00	3,043.66	6,406.34	743,735.71
26	10/01/2022	9,450.00	3,017.67	6,432.33	737,303.38
27	11/01/2022	9,450.00	2,991.57	6,458.43	730,844.95
28	12/01/2022	9,450.00	2,965.36	6,484.64	724,360.31
2022 Totals		113,400.00	37,290.79	76,109.21	
29	01/01/2023	9,450.00	2,939.05	6,510.95	717,849.36

## Abbey Resources Corp.

	Date	Lease Payment	Interest	Principal	Balance	
	30	02/01/2023	9,450.00	2,912.63	6,537.37	711,311.99
	31	03/01/2023	9,450.00	2,886.11	6,563.89	704,748.10
	32	04/01/2023	9,450.00	2,859.48	6,590.52	698,157.58
	33	05/01/2023	9,450.00	2,832.74	6,617.26	691,540.32
	34	06/01/2023	9,450.00	2,805.89	6,644.11	684,896.21
	35	07/01/2023	9,450.00	2,778.93	6,671.07	678,225.14
	36	08/01/2023	9,450.00	2,751.86	6,698.14	671,527.00
	37	09/01/2023	9,450.00	2,724.68	6,725.32	664,801.68
	38	10/01/2023	9,450.00	2,697.40	6,752.60	658,049.08
	39	11/01/2023	9,450.00	2,670.00	6,780.00	651,269.08
	40	12/01/2023	9,450.00	2,642.49	6,807.51	644,461.57
	2023 Totals		113,400.00	33,501.26	79,898.74	
	41	01/01/2024	9,450.00	2,614.87	6,835.13	637,626.44
	42	02/01/2024	9,450.00	2,587.13	6,862.87	630,763.57
	43	03/01/2024	9,450.00	2,559.29	6,890.71	623,872.86
	44	04/01/2024	9,450.00	2,531.33	6,918.67	616,954.19
	45	05/01/2024	9,450.00	2,503.26	6,946.74	610,007.45
	46	06/01/2024	9,450.00	2,475.07	6,974.93	603,032.52
	47	07/01/2024	9,450.00	2,446.77	7,003.23	596,029.29
	48	08/01/2024	9,450.00	2,418.36	7,031.64	588,997.65
	49	09/01/2024	9,450.00	2,389.83	7,060.17	581,937.48
	50	10/01/2024	9,450.00	2,361.18	7,088.82	574,848.66
	51	11/01/2024	9,450.00	2,332.42	7,117.58	567,731.08
	52	12/01/2024	9,450.00	2,303.54	7,146.46	560,584.62
	2024 Totals		113,400.00	29,523.05	83,876.95	
	53	01/01/2025	9,450.00	2,274.54	7,175.46	553,409.16
	54	02/01/2025	9,450.00	2,245.43	7,204.57	546,204.59
	55	03/01/2025	9,450.00	2,216.20	7,233.80	538,970.79
	56	04/01/2025	9,450.00	2,186.84	7,263.16	531,707.63
	57	05/01/2025	9,450.00	2,157.37	7,292.63	524,415.00
	58	06/01/2025	9,450.00	2,127.79	7,322.21	517,092.79
	59	07/01/2025	9,450.00	2,098.08	7,351.92	509,740.87
	60	08/01/2025	9,450.00	2,068.25	7,381.75	502,359.12
	61	09/01/2025	9,450.00	2,038.29	7,411.71	494,947.41
	62	10/01/2025	9,450.00	2,008.22	7,441.78	487,505.63
	63	11/01/2025	9,450.00	1,978.03	7,471.97	480,033.66
	64	12/01/2025	9,450.00	1,947.71	7,502.29	472,531.37
	2025 Totals		113,400.00	25,346.75	88,053.25	
	65	01/01/2026	9,450.00	1,917.27	7,532.73	464,998.64
	66	02/01/2026	9,450.00	1,886.71	7,563.29	457,435.35
	67	03/01/2026	9,450.00	1,856.02	7,593.98	449,841.37
	68	04/01/2026	9,450.00	1,825.21	7,624.79	442,216.58
	69	05/01/2026	9,450.00	1,794.27	7,655.73	434,560.85
	70	06/01/2026	9,450.00	1,763.21	7,686.79	426,874.06
	71	07/01/2026	9,450.00	1,732.02	7,717.98	419,156.08
	72	08/01/2026	9,450.00	1,700.70	7,749.30	411,406.78

521 8

## Abbey Resources Corp.

	Date	Lease Payment	Interest	Principal	Balance
	73 09/01/2026	9,450.00	1,669.26	7,780.74	403,626.04
	74 10/01/2026	9,450.00	1,637.69	7,812.31	395,813.73
	75 11/01/2026	9,450.00	1,605.99	7,844.01	387,969.72
	76 12/01/2026	9,450.00	1,574.17	7,875.83	380,093.89
	2026 Totals	113,400.00	20,962.52	92,437.48	
	77 01/01/2027	9,450.00	1,542.21	7,907.79	372,186.10
	78 02/01/2027	9,450.00	1,510.12	7,939.88	364,246.22
	79 03/01/2027	9,450.00	1,477.91	7,972.09	356,274.13
	80 04/01/2027	9,450.00	1,445.56	8,004.44	348,269.69
	81 05/01/2027	9,450.00	1,413.09	8,036.91	340,232.78
	82 06/01/2027	9,450.00	1,380.48	8,069.52	332,163.26
	83 07/01/2027	9,450.00	1,347.73	8,102.27	324,060.99
	84 08/01/2027	9,450.00	1,314.86	8,135.14	315,925.85
	85 09/01/2027	9,450.00	1,281.85	8,168.15	307,757.70
	86 10/01/2027	9,450.00	1,248.71	8,201.29	299,556.41
	87 11/01/2027	9,450.00	1,215.43	8,234.57	291,321.84
	88 12/01/2027	9,450.00	1,182.02	8,267.98	283,053.86
	2027 Totals	113,400.00	16,359.97	97,040.03	
	89 01/01/2028	9,450.00	1,148.48	8,301.52	274,752.34
	90 02/01/2028	9,450.00	1,114.79	8,335.21	266,417.13
	91 03/01/2028	9,450.00	1,080.97	8,369.03	258,048.10
	92 04/01/2028	9,450.00	1,047.02	8,402.98	249,645.12
	93 05/01/2028	9,450.00	1,012.92	8,437.08	241,208.04
	94 06/01/2028	9,450.00	978.69	8,471.31	232,736.73
	95 07/01/2028	9,450.00	944.32	8,505.68	224,231.05
	96 08/01/2028	9,450.00	909.81	8,540.19	215,690.86
	97 09/01/2028	9,450.00	875.15	8,574.85	207,116.01
	98 10/01/2028	9,450.00	840.36	8,609.64	198,506.37
	99 11/01/2028	9,450.00	805.43	8,644.57	189,861.80
	100 12/01/2028	9,450.00	770.35	8,679.65	181,182.15
	2028 Totals	113,400.00	11,528.29	101,871.71	
	101 01/01/2029	9,450.00	735.14	8,714.86	172,467.29
	102 02/01/2029	9,450.00	699.78	8,750.22	163,717.07
	103 03/01/2029	9,450.00	664.27	8,785.73	154,931.34
	104 04/01/2029	9,450.00	628.63	8,821.37	146,109.97
	105 05/01/2029	9,450.00	592.83	8,857.17	137,252.80
	106 06/01/2029	9,450.00	556.90	8,893.10	128,359.70
	107 07/01/2029	9,450.00	520.81	8,929.19	119,430.51
	108 08/01/2029	9,450.00	484.58	8,965.42	110,465.09
	109 09/01/2029	9,450.00	448.21	9,001.79	101,463.30
	110 10/01/2029	9,450.00	411.68	9,038.32	92,424.98
	111 11/01/2029	9,450.00	375.01	9,074.99	83,349.99
	112 12/01/2029	9,450.00	338.19	9,111.81	74,238.18
	2029 Totals	113,400.00	6,456.03	106,943.97	
	113 01/01/2030	9,450.00	301.22	9,148.78	65,089.40

## Abbey Resources Corp.

Date	Lease Payment	Interest	Principal	Balance
114 02/01/2030	9,450.00	264.10	9,185.90	55,903.50
115 03/01/2030	9,450.00	226.83	9,223.17	46,680.33
116 04/01/2030	9,450.00	189.40	9,260.60	37,419.73
117 05/01/2030	9,450.00	151.83	9,298.17	28,121.56
118 06/01/2030	9,450.00	114.10	9,335.90	18,785.66
119 07/01/2030	9,450.00	76.22	9,373.78	9,411.88
120 08/01/2030	9,450.00	38.12	9,411.88	0.00
2030 Totals	75,600.00	1,361.82	74,238.18	
Grand Totals	1,134,000.00	234,000.00	900,000.00	



---

Abbey Resources Corp.

---

Last interest amount decreased by 0.07 due to rounding.

437.9

---

**PROMISSORY NOTE**

(this "Note")

**Borrower:** Optimum Petroleum Services Inc. of Suite 700, 505 3rd Street SW, Calgary, Alberta T2P-3E6 (the "Borrower")

**Lender:** Abbey Resources Corp. of Suite 700, 505 3rd Street SW, Calgary, Alberta T2P-3E6 (the "Lender")

**Due:** November 1, 2023 (the "Maturity Date")

**Principal:** \$5,206,063 CDN

WHEREAS the Borrower is indebted to the Lender pursuant to the loan made by the Lender to the Borrower in the aggregate amount of \$5,206,063 hereto (the "Debt") as evidenced by the promissory note of the Borrower.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and mutual covenants and agreements hereinafter set forth, the Borrower and the Lender (each a "Party", collectively, the "Parties") have agreed as follows:

1. FOR VALUE RECEIVED, the Borrower promises to pay to the Lender the principal sum of **FIVE MILLION TWO HUNDRED AND SIX THOUSAND AND SIXTY-THREE DOLLARS** (\$5,206,063) in lawful money of Canada, payable at par in the City of Calgary, Province of Alberta, with interest on such sum at the rate of zero percent (0%) per annum.
2. Repayment in whole or part of the principle sum or interest thereon shall be subject to the terms and conditions in the Purchase and Sale Agreement dated November 1, 2020, between the Borrower and the Lender and the Terms of Payment in Clause 5.
3. The Lender shall be liable for all costs, expenses and expenditures incurred including, without limitation, the complete legal costs of the Lender incurred by enforcing this Note as a result of any default by the Borrower and such costs will be added to the principal then outstanding and shall be due and payable by the Borrower to the Lender immediately upon demand of the Lender.
4. If any term, covenant, condition or provision of this Note is held by a court of competent jurisdiction to be invalid, void or unenforceable, it is the parties' intent that such provision be reduced in scope by the court only to the extent deemed necessary by that court to render the provision reasonable and enforceable and the remainder of the provisions of this Note will in no way be affected, impaired or invalidated as a result.

5. Terms of payment.

- Lender will pay Borrower **ONE MILLION SEVEN HUNDRED THIRTY FIVE THOUSAND THREE HUNDRED FIFTY-FOUR DOLLARS (\$1,735,354)** per annum for 3 years under the terms and conditions of a Right of Use Asset agreement dated November 1<sup>st</sup>, 2020 (the "ROU"), which is attached hereto as Schedule A.
- Borrower will credit the amounts received under the ROU to the balance of the Note without interest or penalty.
- Upon the Note being repaid in full after the three year term the ROU will continue on a month to month basis for \$1/annum.
- If the Lender files for bankruptcy or causes a lien to be registered against the Assets for non-payment of Municipal or Government fees, then the Note payable shall be reduced to \$1 and the Assets will be surrendered in full to the Borrower as liquidated damages.

IN WITNESS WHEREOF the parties have duly affixed their signatures under seal

DATED as of the 1<sup>st</sup> day of November, 2020.

Abbey Resources Corp. (Lender)

Optimum Petroleum Services Inc. (Borrower)



\_\_\_\_\_  
Jim Gettis, President

\_\_\_\_\_  
Jim Gettis, President

This is Exhibit I referred to in the Affidavit of  
Scott Weyers

Sworn before me this 20 day of  
July, 2021.

Neil Stueck

A Commissioner for Oaths for Saskatchewan  
My Commission expires: \_\_\_\_\_  
OR Being a Solicitor

## Right of Use Agreement

THIS RIGHT OF USE AGREEMENT dated this 1st day of November, 2020

BETWEEN:

**Abbey Resources Corp.**, a body corporate, registered to carry on business in the Province of Alberta and the Province of Saskatchewan and having an office in Calgary, Alberta ("Abbey")

OF THE FIRST PART

- AND -

- **Optimum Petroleum Services Inc.**, a body corporate, registered to carry on business in the Province of Alberta and the Province of Saskatchewan having an office in Calgary, Alberta ("Optimum")

OF THE SECOND PART

WHEREAS the parties have entered into a Purchase and Sale Agreement dated November 1, 2020 ("PSA") whereby Abbey sold certain oilfield equipment and assigned a building to Optimum; and

WHEREAS Optimum has agreed to allow Abbey the exclusive use of the same oilfield equipment and building, pursuant to the terms hereof;

THEREFORE, IN CONSIDERATION OF THE COVENANTS and agreements contained in this Right of Use Agreement ("ROU") the parties hereto agree as follows:

### Equipment

1. Optimum agrees to allow Abbey the exclusive and unrestricted right to use the tangible equipment and office building, as set out and described in the following Schedules, all of which are attached hereto and made part of this ROU (collectively, the "Equipment") from November 1, 2020:

Schedule 1: Surplus Equipment

Schedule 2: Operating Equipment

Schedule 3: Mobile Equipment

Schedule 4: Building, Lease Agreement and Option to Purchase

### Effective Date

2. The Effective Date of this ROU shall be November 1, 2020.

### **Term of the Right of Use Agreement ("ROU")**

3. Abbey is committed to use the Equipment under this ROU until the Promissory Note dated November 1, 2020 entered into by the parties pursuant to the PSA (the "Promissory Note") has been paid in full. Upon payment of the Promissory Note in full, Abbey's commitment under the ROU will evergreen on a month to month basis until a 30 day written notice to terminate the ROU is provided by Optimum or Abbey.

### **Annual Right of Use fees**

4. Abbey will accrue to Optimum annually the amount of ONE MILLION SEVEN HUNDRED THIRTY FIVE THOUSAND THREE HUNDRED FIFTY FOUR DOLLARS (\$1,735,354 CDN ) (the "Rent") for the use of the Equipment. Said Rent shall be offset against the amounts owed to Abbey from Optimum pursuant to the Promissory Note, and shall be payable for three years from the date hereof. For clarity, the total rent payable is FIVE MILLION TWO HUNDRED SIX THOUSAND SIXTY THREE DOLLARS (\$5,206,063 CDN).

5. Effective November 1, 2023, the rent payable hereunder shall be ONE DOLLAR (\$1 CDN) per year.

### **Maintenance of Equipment**

6. Abbey will be solely responsible for all costs associated with the servicing and maintenance of the Equipment for as long as Abbey is benefiting from the right of use granted hereunder.

### **Risk of Loss**

7. The risk of loss from any casualty to the Equipment, regardless of the cause, will be Abbey's responsibility while under Abbey's care, custody and control. Abbey will be required to carry, maintain and pay for insurance during the time Optimum provides the Equipment for the benefit and use by Abbey. Optimum will be a loss payee under the Abbey insurance contract.

### **Warranties**

8. THE EQUIPMENT IS PROVIDED 'AS IS' AND OPTIMUM EXPRESSLY DISCLAIMS ALL WARRANTIES, WHETHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Optimum's above disclaimer of warranties does not, in any way, affect the terms of any applicable warranties from the manufacturer of the Equipment.

9. Optimum has been given the opportunity to inspect the Equipment or to have it inspected and Optimum has accepted the Equipment in its existing condition. Further, Optimum disclaims any warranty as to the condition of the Equipment.

**Title**

10. Title to the Equipment will remain with Optimum upon termination of the ROU.

**Termination**

11. This ROU will terminate upon the written agreement of both parties pursuant to clause 3, or:

- a. in the event of Abbey's insolvency or bankruptcy; or
- b. if Abbey allows liens to burden the Equipment for non-payment of Municipal , Government or third party fees incurred during the course of Abbey's enjoyment of the Equipment.

**Notices**

12. Any notice to be given or document to be delivered to either party pursuant to this ROU will be sufficient if delivered personally or sent by prepaid registered mail to the address specified below. Any written notice or delivery of documents will have been given, made and received on the day of delivery if delivered personally, or on the third (3rd) consecutive business day next following the date of mailing if sent by prepaid registered mail:

Abbey:

Abbey Resources Corp.  
Suite 700, 505 - 3rd Street SW  
Calgary AB T2P 3E6

Optimum:

Optimum Petroleum Services Inc.  
Suite 700, 505 - 3rd Street SW  
Calgary AB T2P 3E6

**Mediation and Arbitration**

13. If any dispute relating to this ROU between the parties is not resolved through informal discussion within 14 days from the date a dispute arises, the parties agree to submit the issue first before a non-binding mediator and to an arbitrator in the event that mediation fails. The decision of the arbitrator will be binding on the parties. Any mediator or arbitrator must be a neutral party acceptable to both parties. The cost of any mediations or arbitration will be shared equally by the parties.

**General Provisions**

14. Headings are inserted for convenience only and are not to be considered when interpreting this ROU. Words in the singular mean and include the plural and vice versa. Words in the masculine mean and include the feminine and vice versa.

15. Neither party may assign its right or delegate its performance under this ROU without the prior written consent of the other party, which shall not be unreasonably withheld. Any attempted assignment or delegation without such consent will be null and void. An assignment that would change the duty imposed by this ROU that would increase the burden or risk involved and would impair the chance of obtaining performance or payment will not be considered.

16. This ROU cannot be modified in any way except in writing signed by all the parties to this Agreement.

17. This ROU will be governed by and construed in accordance with the laws of the Province of Alberta and the Seller and the Buyer hereby attorn to the jurisdiction of the Courts of the Province of Saskatchewan.

18. If any clause of this ROU is held unconscionable by any court of competent jurisdiction, arbitration panel or other official finder of fact, the clause will be deleted from this Agreement and the balance of this ROU will remain in full force and effect.

19. This ROU will inure to the benefit of and be binding upon Abbey and Optimum and their respective successors and assigns.

20. This ROU may be executed in counterparts. Facsimile signatures are binding and are considered to be original signatures.

21. Time is of the essence in this ROU.

22. This ROU constitutes the entire agreement between the parties and there are no further items or provisions, either oral or otherwise. Abbey acknowledges that it has not relied upon any representations of Optimum as to prospective performance of the Equipment, but has relied upon its own inspection and investigation of the subject matter.

IN WITNESS WHEREOF the parties have executed this Right of Use Agreement on this 1st day of November, 2020.

Abbey Resources Corp.



---

Jim Gettis, President

Optimum Petroleum Services Inc.



---

Jim Gettis, President



This is Exhibit 5<sup>th</sup> referred to in the Affidavit of Scott Verner

Sworn before me this 06 day of July, 2021.

[Signature]

A Commissioner for Oaths for Saskatchewan

My Commission expires: \_\_\_\_\_

OR Being a Solicitor

# Fuelled Appraisals

## Abbey Resources - Surplus Equipment

June 3, 2020



Item	Description	Location	Asset ID	Original Cost	Current Value	Net Value	Net Value
Compressor	Cochran 6746SP4 6000psi Diesel 500HP	Boomer Station 14-09-21-19W3	10778	\$200,000	\$70,000	\$40,000	\$11,000
Fiber Silt	Fiber Package (2) x 84" 4' and Fiber	Boomer Station 14-09-21-19W3	10780	\$100,000	\$40,000	\$24,000	\$18,000
Fiber Silt	84" x 17' Fiber Visual 575 psi	Boomer Surplus Equipment 5-10-22-19W3	10779	\$170,000	\$50,000	\$28,000	\$14,000
Separator	18" 1440 PSI Sweet Separator	Boomer Surplus Equipment 5-10-22-19W3	10777	\$40,000	\$0,000	\$1,000	\$9,000
Compressor	CAT G3616LE P16K T03H262L Sweet	Carmenburg Plant 13-18-23-20W3	10783	\$100,000	\$40,000	\$17,000	\$11,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Carmenburg Plant 13-18-23-20W3	10782	\$270,000	\$200,000	\$170,000	\$170,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Carmenburg Plant 13-18-23-20W3	10781	\$270,000	\$200,000	\$170,000	\$170,000
Separator	48" x 10' Horizontal Separator 720 PSI	Carmenburg Plant 13-18-23-20W3	10785	\$200,000	\$80,000	\$38,000	\$18,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Clayton Gas Plant 4-10-22-19W3	10784	\$200,000	\$80,000	\$44,000	\$22,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Leadwell Gas Plant 4-10-22-19W3	10786	\$200,000	\$80,000	\$44,000	\$22,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Leadwell Gas Plant 4-10-22-19W3	10787	\$200,000	\$80,000	\$44,000	\$22,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Leadwell Gas Plant 4-10-22-19W3	10788	\$200,000	\$80,000	\$44,000	\$22,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Leadwell Gas Plant 4-10-22-19W3	10789	\$200,000	\$80,000	\$44,000	\$22,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Leadwell Gas Plant 4-10-22-19W3	10790	\$200,000	\$80,000	\$44,000	\$22,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Leadwell Gas Plant 4-10-22-19W3	10791	\$200,000	\$80,000	\$44,000	\$22,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Leadwell Gas Plant 4-10-22-19W3	10792	\$200,000	\$80,000	\$44,000	\$22,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Leadwell Gas Plant 4-10-22-19W3	10793	\$200,000	\$80,000	\$44,000	\$22,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Leadwell Gas Plant 4-10-22-19W3	10794	\$200,000	\$80,000	\$44,000	\$22,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Leadwell Gas Plant 4-10-22-19W3	10795	\$200,000	\$80,000	\$44,000	\$22,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Leadwell Gas Plant 4-10-22-19W3	10796	\$200,000	\$80,000	\$44,000	\$22,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Leadwell Gas Plant 4-10-22-19W3	10797	\$200,000	\$80,000	\$44,000	\$22,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Leadwell Gas Plant 4-10-22-19W3	10798	\$200,000	\$80,000	\$44,000	\$22,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Leadwell Gas Plant 4-10-22-19W3	10799	\$200,000	\$80,000	\$44,000	\$22,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Leadwell Gas Plant 4-10-22-19W3	10800	\$200,000	\$80,000	\$44,000	\$22,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Leadwell Gas Plant 4-10-22-19W3	10801	\$200,000	\$80,000	\$44,000	\$22,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Leadwell Gas Plant 4-10-22-19W3	10802	\$200,000	\$80,000	\$44,000	\$22,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Leadwell Gas Plant 4-10-22-19W3	10803	\$200,000	\$80,000	\$44,000	\$22,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Leadwell Gas Plant 4-10-22-19W3	10804	\$200,000	\$80,000	\$44,000	\$22,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Leadwell Gas Plant 4-10-22-19W3	10805	\$200,000	\$80,000	\$44,000	\$22,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Leadwell Gas Plant 4-10-22-19W3	10806	\$200,000	\$80,000	\$44,000	\$22,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Leadwell Gas Plant 4-10-22-19W3	10807	\$200,000	\$80,000	\$44,000	\$22,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Leadwell Gas Plant 4-10-22-19W3	10808	\$200,000	\$80,000	\$44,000	\$22,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Leadwell Gas Plant 4-10-22-19W3	10809	\$200,000	\$80,000	\$44,000	\$22,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Leadwell Gas Plant 4-10-22-19W3	10810	\$200,000	\$80,000	\$44,000	\$22,000
Compressor	CAT G3616LE Gemini E882 8-Sig Sweet	Leadwell Gas Plant 4-10-22-19W3	10811	\$200,000	\$80,000	\$44,000	\$22,000

FORM PD1

(Enacted March 25, 2020)

(Amended August 7, 2020)

**DECLARATION OF LAWYER WHO HAS WITNESSED DOCUMENTS**

**VIA ELECTRONIC MEANS**

I Travis K Kusch of Saskatoon, in the Province of SK, a Lawyer, did on July 26, 2021 witness Scott Weaver sign the following documents via electronic means:

1. Assent
- 2.
- 3.

Pursuant to Law Society of Saskatchewan Practice Directive 1, issued March 25, 2020 and amended on August 7, 2020, I have turned my mind to the risks associated with the witnessing of documents via electronic means. I have assessed the following risks, and have answered "yes" or "no" to indicate where I have identified concerns:

1. Have I identified any indicia that the transaction might be fraudulent? N
2. Did I identify concerns, including the physical presence of a third party in the company of my client while they were signing the documents, suggesting that there is a risk that the client may be subject to undue influence or duress? N
3. Did I identify concerns about my client's understanding about the documents they are executing? N
4. Did I identify concerns about my client not having an adequate opportunity to ask questions about the document being signed? N

Where I have indicated "yes" to the statements above, I managed the risks by the following means:

---



---



---

Attached hereto is a screen capture of my client with their photo identification that was presented to me via electronic means during the session where the above noted documents were executed.

I DO SOLEMNLY DECLARE that the statements contained in this form are complete and true in every respect. AND I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath.

July 26/21  
DATE

Travis K Kusch  
Signature of Lawyer

