

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
CLEARBEACH RESOURCES INC. AND FORBES RESOURCES CORP.**

Applicants

**MOTION RECORD
(Returnable July 14, 2021)**

June 21, 2021

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**ONTARIO
SUPERIOR COURT OF JUSTICE
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**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
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CLEARBEACH RESOURCES INC. AND FORBES RESOURCES CORP.**

Applicants

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3	Approval and Vesting Order

TAB 1

**ONTARIO
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**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
CLEARBEACH RESOURCES INC. AND FORBES RESOURCES CORP.**

Applicants

**NOTICE OF MOTION
(Approval and Vesting Order)
(Returnable July 14, 2021)**

Clearbeach Resources Inc. ("**Clearbeach**") and Forbes Resources Corp. ("**Forbes**" and together with Clearbeach, the "**Applicants**") will make a motion before the Honourable Madam Justice Gilmore of the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), or another Justice of the Court, on Wednesday, July 14, 2021, at 10:00 a.m., or as soon after that time as the motion can be heard. Please refer to the videoconference details attached at Schedule "A" hereto in order to attend the motion and advise if you intend to join the motion by emailing Joshua Foster at fosterj@bennettjones.com.

PROPOSED METHOD OF HEARING: The motion is to be heard by videoconference due to the COVID-19 pandemic.

THE MOTION IS FOR:

1. An order (the “**Approval and Vesting Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), substantially in the form of the draft order attached at Tab 3 of the Applicants’ Motion Record, *inter alia*:

- (a) abridging the time for service of this motion and the Motion Record and dispensing with service on any other person other than those served;
- (b) approving the transaction (the “**Transaction**”) contemplated by the Share Purchase Agreement (the “**SPA**”) between Clearbeach and Oil Patch Services Inc. (the “**Purchaser**” or “**OPS**”), a substantially final copy of which is attached to the Affidavit of Jane Lowrie sworn June 21, 2021 (the “**Lowrie Affidavit**”) as Exhibit “A”, pursuant to which OPS will acquire and become the sole equity-holder of Clearbeach shares;
- (c) adding a corporation to be incorporated prior to the closing of the Transaction (“**ResidualCo**”), by and as a wholly-owned subsidiary of Forbes, as an Applicant to these CCAA proceedings (the “**CCAA Proceedings**”);
- (d) transferring and vesting all of Clearbeach’s right, title and interest in and to the Excluded Assets (as defined in the SPA) in ResidualCo;
- (e) releasing and discharging Clearbeach from and in respect of, and transferring and vesting all of the Excluded Contracts and Excluded Liabilities (each as defined in the SPA) in and to ResidualCo;

- (f) cancelling and extinguishing all equity interests in Clearbeach existing prior to the Closing Date (as defined in the SPA) other than the issued and outstanding common shares thereof;
- (g) authorizing and directing Clearbeach to issue the New Common Shares (as defined in the SPA), and vesting in OPS as Purchaser all right, title and interest in and to the New Common Shares;
- (h) effecting the Consolidation and Cancellation (as defined in the SPA);
- (i) authorizing and directing MNP Ltd. (“**MNP**”), in its capacity as the Court-appointed monitor of the Applicants (in such capacity, the “**Monitor**”), to file an assignment in bankruptcy (the “**Assignment in Bankruptcy**”) for and on behalf of ResidualCo under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), the costs of which (the “**Bankruptcy Costs**”) shall be paid by the Purchaser, on behalf of Clearbeach, to the Monitor pursuant to the SPA;
- (j) approving the Pre-Filing Report of the Monitor dated May 18, 2021, the First Report of the Monitor dated May 25, 2021 and the Second Report of the Monitor, to be filed (the “**Second Report**”);
- (k) concluding the CCAA Proceedings in respect of Clearbeach and discharging and releasing the Monitor in respect of Clearbeach at the Effective Time (as defined in the Approval and Vesting Order); and
- (l) granting certain limited releases in favour of the Released Parties and the Landowners (each as defined below); and

2. Such further and other relief as the Court deems just;

THE GROUNDS FOR THE MOTION ARE:

Background

3. The Applicants are privately-owned, affiliated companies in Ontario's oil and natural gas sector. As the Applicants' operating company, Clearbeach is involved in the exploration, development and production of oil and gas deposits in Ontario;

4. Due to poor financial performance and liquidity issues caused by challenged commodity prices and significant environmental obligations, the Applicants were unable to satisfy their ordinary course obligations, including those owed to their senior secured creditor, PACE Savings & Credit Union Limited ("**Pace**");

5. In response to an application for the appointment of a receiver brought and later abandoned by Pace (the "**Receivership Proceedings**"), the Applicants commenced proposal proceedings (the "**Proposal Proceedings**") under Part III of the BIA. As a result of the Receivership Proceedings, no proposal was filed in the Proposal Proceedings and the time to do so under the BIA expired. As described below, the Applicants, certain related persons, and Pace later settled the matters in dispute between them;

6. To prevent the deemed bankruptcies of each of Forbes and Clearbeach, provide the breathing space and flexibility necessary to canvass their restructuring options and implement a settlement reached with Pace, the Applicants commenced the CCAA Proceedings pursuant to an order (the "**Initial Order**") granted by the Court on May 20, 2021;

7. The Initial Order, among other things:
- (a) declared that the Applicants are entities to which the CCAA applies;
 - (b) authorized the continuation under the CCAA of the Proposal Proceedings;
 - (c) appointed MNP as Monitor of the Applicants;
 - (d) granted an initial ten (10) day stay period up to and including May 30, 2021 (the “**Stay of Proceedings**”), staying all proceedings and remedies taken or that might be taken in respect of the Applicants, the Monitor or the Applicants’ directors and officers, or affecting the Applicants’ business or the Property (as defined below);
 - (e) approved the First Report of Richter Advisory Group Inc. (“**Richter**”) in its capacity as proposal trustee in the Proposal Proceedings dated December 11, 2020, the Supplement to the First Report of Richter dated December 16, 2020, and the activities of Richter described therein; and
 - (f) granted the Administration Charge and Directors’ Charge (each as defined in the Initial Order) over the Applicants’ current and future assets, undertakings and property of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (collectively, the “**Property**”);
8. The Applicants also sought and on May 20, 2021 obtained an order, *inter alia*, approving the terms of settlement set out in the Settlement Agreement (the “**Settlement Agreement**”) among the Applicants, Pace, OPS, Jarvis Holdings Inc., Brookwood Resources Inc., 1782767 Ontario Inc., Peter Budd, Lagasco Inc. and Jane Lowrie, and sealing the unredacted Settlement Agreement;

9. Given that the Initial Order endured for a maximum of ten days under the CCAA, the Applicants sought and on May 28, 2021 obtained a further order, which, among other things, extended the Stay of Proceedings to and including August 19, 2021;

Approving the SPA and the Transaction Contemplated Thereunder

10. Since the granting of the Initial Order, the Applicants have, with the assistance of the Monitor, acted in good faith and with due diligence to, among other things:

- (a) stabilize and continue Clearbeach's ordinary course business operations;
- (b) continue to address Clearbeach's environmental and stewardship obligations;
- (c) effect the assignment of the Pace Loans and Pace Security (each as defined in the Settlement Agreement) and all rights thereunder to OPS as contemplated by the Settlement Agreement; and
- (d) consider the viability and commercial reasonableness of various restructuring options, including potentially developing and implementing a sale process to sell the assets and business operations of the Applicants;

11. Having regard to, among other things, the realizable value of Clearbeach's assets, Clearbeach's capital structure, Clearbeach's environmental and stewardship obligations and the estimated cost of plugging Clearbeach's wells, the Applicants determined that the Transaction for which approval is sought on this motion represented the best, and indeed very likely the only viable restructuring option;

12. The Applicants, in consultation with the Monitor, have structured the Transaction as a share sale in order to preserve the MNRF Licenses, the Abandonment and Reclamation Obligations and the Oil and Gas Assets (each as defined in the SPA) and ensure that the liabilities and the stewardship and environmental obligations arising in connection thereto, including under the *Oil, Gas and Salt Resources Act*, R.S.O. 1990, c. P. 12, as amended (the “OGSRA”), remain with Clearbeach (with OPS as the new sole owner of Clearbeach’s shares);

13. Pursuant to the SPA and the Transaction, the Purchaser will subscribe for and purchase the New Common Shares, subject to the terms and conditions of the SPA. In accordance with the SPA, following the Consolidation and Cancellation, OPS as Purchaser will be the sole owner of 100% of the issued and outstanding shares of Clearbeach;

14. The Monitor is supportive of the SPA and the Transaction contemplated thereunder, subject in all cases to the guidance of the Court;

Concluding the CCAA Proceedings With Respect to Clearbeach

15. To preserve stakeholder value and facilitate the efficient completion of their restructuring, the Applicants are seeking to conclude the CCAA Proceedings with respect to Clearbeach pursuant to the Approval and Vesting Order upon the Effective Time;

16. At the Effective Time, MNP will be released and discharged as Monitor of Clearbeach and each of the Administration Charge and the Directors’ Charge with respect to Clearbeach, which will have been paid (on behalf of Clearbeach) or assumed by the Purchaser, will be terminated;

Granting Limited Releases in Favour of the Released Parties

17. The proposed Approval and Vesting Order releases (i) the current directors, officers, employees, independent contractors that have provided legal or financial services to the Applicants, legal counsel and advisors of the Applicants, (ii) the ResidualCo D&Os, and (iii) the Monitor and its legal counsel (collectively, the “**Released Parties**”) from the Released Claims (as defined in the Approval and Vesting Order);

18. The Released Claims do not include any claim or liability arising out of any gross negligence or wilful misconduct on the part of the Released Parties or any claim against the Applicant’s current and former directors that is not permitted to be released pursuant to subsection 5.1(2) of the CCAA;

19. Each of the Released Parties have made, and continue to make, significant contributions to the CCAA Proceedings and the Applicants’ restructuring efforts. The proposed release provides certainty and finality for the Released Parties and will prevent further time and resources from being exhausted in resolving indemnity claims in the CCAA Proceedings;

20. The Monitor believes that the proposed release is fair, reasonable and appropriate in the circumstances;

Granting Limited Releases in Favour of the Landowners

21. In addition to providing for a release in favour of the Released Parties, the proposed Approval and Vesting Order also provides a release in favour of all persons upon whose real property the Oil and Gas Assets are situated (collectively, the “**Landowners**”);

22. Pursuant to the proposed Approval and Vesting Order, the Landowners will be forever irrevocably released and discharged from any and all claims, liabilities, (direct, indirect, absolute

or contingent) or obligations with respect to any Taxes (as defined in the SPA) (including penalties and interest thereon) of, or that relate to, Clearbeach arising under the *Municipal Act, 2001*, S.O. 2001, c. 25 (the “**Municipal Act**”) and/or the *Assessment Act*, R.S.O. 1990, c. A. 31 (the “**Assessment Act**”) (provided that such release shall not apply to Taxes in respect of the business and operations conducted by Clearbeach after the Effective Time);

23. Under the SPA, certain liabilities arising under or in connection with the Municipal Act or the Assessment Act, including certain Taxes form part of the Excluded Liabilities. If the Approval and Vesting Order is granted, the municipalities to which such Taxes are owed may claim against the Landowners for any outstanding tax arrears. In turn, the Landowners may restrict or refuse to permit Clearbeach to continue its ordinary course operations or otherwise initiate claims against Clearbeach;

24. Throughout the Proposal Proceedings and the CCAA Proceedings the Landowners have continued to permit Clearbeach to conduct its business operations on their respective real property, which is essential to the satisfaction of Clearbeach’s ordinary course and stewardship and environmental obligations;

25. Absent the Landowners’ continued cooperation, Clearbeach will be forced to make an assignment in bankruptcy – a result that would be antithetical to the Applicants’ restructuring efforts and is likely to have far reaching economic and environmental consequences;

26. The Applicants believe that the proposed release in favour of the Landowners is fair, reasonable and appropriate in the circumstances;

Authorizing the Assignment in Bankruptcy

27. Given that the Transaction will not provide proceeds to satisfy the claims of ResidualCo's creditors, the Applicants do not intend for ResidualCo to file a plan of compromise or arrangement or conduct a claims resolution process in the CCAA Proceedings. Accordingly, the proposed Approval and Vesting Order authorizes the Monitor on behalf of ResidualCo, to file an assignment in bankruptcy and MNP to act as the Trustee;

28. The proposed Assignment in Bankruptcy of ResidualCo will facilitate the orderly wind-up of ResidualCo's estate;

29. The Monitor is supportive of having its powers expanded in accordance with the Approval and Vesting Order to facilitate the Assignment in Bankruptcy of ResidualCo;

30. As an experienced Licensed Insolvency Trustee, MNP has the requisite experience to oversee the proposed Assignment in Bankruptcy of ResidualCo;

Other Grounds

31. The provisions of the CCAA and the inherent and equitable jurisdiction of the Court;

32. Rules 1.04, 1.05, 2.03, 3.02, 16, 37 and 39 of the Ontario *Rules of Civil Procedure*, R.R.O 1990, Reg. 194, as amended, and section 100 of the Ontario *Courts of Justice Act*, R.S.O. 1990, c. C.43 as amended; and

33. Such further and other grounds as counsel may advise and the Court may permit;

DOCUMENTARY EVIDENCE:

34. The following documentary evidence will be used at the hearing of the motion:

- (a) the Second Report of the Monitor and the appendices thereto, to be filed;
- (b) the Lowrie Affidavit and the exhibits thereto; and
- (c) such further and other evidence as counsel may advise and the Court may permit.

June 21, 2021

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SCHEDULE "A"

Time: Jul 14, 2021 10:00 AM America/Toronto

Join Zoom Meeting

<https://us02web.zoom.us/j/83295423698?pwd=ajdSRE5BVzFkZk0wNDFGVFpGaXNuUT09>

Meeting ID: 832 9542 3698

Passcode: 227415

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Passcode: 227415

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**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CLEARBEACH RESOURCES INC. AND FORBES
RESOURCES CORP.**

Court File No.: CV-21-00662483-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings Commenced in Toronto

**NOTICE OF MOTION
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(Returnable July 14, 2021)**

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TAB 2

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
CLEARBEACH RESOURCES INC. AND FORBES RESOURCES CORP.**

**AFFIDAVIT OF JANE LOWRIE
(Sworn June 21, 2021)**

I, Jane Lowrie, of the city of London, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am the President of Clearbeach Resources Inc. ("**Clearbeach**") and have been since its incorporation in 1989. I am also the sole director of Clearbeach, and my son, Scott Lewis, is the sole director of Forbes Resources Corp. ("**Forbes**", and together with Clearbeach, the "**Applicants**"). As such, I have personal knowledge of the matters to which I depose in this affidavit, unless otherwise indicated. Where I have relied on other sources for information, I have so stated and I believe them to be true. Neither the Applicants nor I waive or intend to waive any applicable privilege by any statement herein.

2. I swear this affidavit in support of a motion by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an order (the "**Approval and Vesting Order**"), *inter alia*:

- (a) abridging and validating the time for service of this motion and the Motion Record and dispensing with further service thereof;

- (b) approving the transaction (the “**Transaction**”) contemplated by the Share Purchase Agreement (the “**SPA**”) between Clearbeach and Oil Patch Services Inc. (the “**Purchaser**” or “**OPS**”), a substantially final copy of which is attached hereto as **Exhibit “A”**, and authorizing Clearbeach to execute and implement same;
- (c) adding a corporation to be incorporated prior to the closing of the Transaction (“**ResidualCo**”), by and as a wholly-owned subsidiary of Forbes, as an Applicant to these CCAA proceedings (the “**CCAA Proceedings**”);
- (d) transferring and vesting all of Clearbeach’s right, title and interest in and to the Excluded Assets (as defined in the SPA) in ResidualCo;
- (e) releasing and discharging Clearbeach from and in respect of, and transferring and vesting all of the Excluded Contracts and Excluded Liabilities (each as defined in the SPA) in and to ResidualCo;
- (f) cancelling and extinguishing all equity interests in Clearbeach existing prior to the Closing Date (as defined in the SPA) other than the issued and outstanding common shares thereof;
- (g) authorizing and directing Clearbeach to issue the New Common Shares (as defined in the SPA), and vesting in the Purchaser all right, title and interest in and to the New Common Shares;
- (h) effecting the Consolidation and Cancellation (as defined in the SPA);

- (i) authorizing and directing MNP Ltd. (“MNP”), in its capacity as the Court-appointed monitor of the Applicants (in such capacity, the “Monitor”), to file an assignment in bankruptcy (the “Assignment in Bankruptcy”) for and on behalf of ResidualCo under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “BIA”), the costs of which (the “Bankruptcy Costs”) shall be paid by the Purchaser, on behalf of Clearbeach, to the Monitor pursuant to the SPA;
- (j) approving the Pre-Filing Report of the Monitor dated May 18, 2021 (the “Pre-Filing Report”), the First Report of the Monitor dated May 25, 2021 and the Second Report of the Monitor, to be filed (the “Second Report”);
- (k) concluding the CCAA Proceedings in respect of Clearbeach and discharging and releasing the Monitor in respect of Clearbeach at the Effective Time (as defined below); and
- (l) granting certain limited releases in favour of the Released Parties and the Landowners (each as defined below).

3. All references to currency in this affidavit are in Canadian dollars unless otherwise noted.

I. BACKGROUND AND STATUS OF THE CCAA PROCEEDINGS

A. Overview

4. The Applicants are privately-owned, affiliated companies in Ontario’s oil and natural gas sector. Clearbeach currently owns approximately 400 oil, natural gas, disposal and injection wells in Southwestern Ontario, among other related production facilities, in a geographical area from

Goderich to Windsor to Simcoe. The oil and gas wells owned by Clearbeach are predominantly located on private farmland.

5. Due to poor financial performance and liquidity issues caused by challenged commodity prices and significant environmental obligations, the Applicants were unable to satisfy their ordinary course obligations, including those owed to their former senior secured creditor, PACE Savings & Credit Union Limited (“**Pace**”). As set out in detail immediately below, Clearbeach’s failure to meet these obligations resulted in enforcement action being taken by Pace, which ultimately led to the CCAA Proceedings.

6. In response to an application for the appointment of a receiver brought and later abandoned by Pace (the “**Receivership Proceedings**”), Clearbeach and Forbes commenced proceedings (the “**Proposal Proceedings**”) under Part III of the BIA by filing Notices of Intention to Make a Proposal on July 22, 2020 (the “**Filing Date**”) and July 23, 2020, respectively. As a result of the Receivership Proceedings, no proposal was filed in the Proposal Proceedings and the time to do so under the BIA expired. Pace abandoned the Receivership Proceedings in view of the limited realizable value of the Applicants’ assets and Clearbeach’s significant environmental obligations. The Applicants, certain related parties, and Pace later settled their dispute pursuant to a Court-approved settlement.

7. On May 20, 2021, to prevent the deemed bankruptcies of each of Forbes and Clearbeach, provide the breathing space and flexibility necessary to canvass their restructuring options and implement the settlement reached with Pace, the Applicants sought and obtained:

- (a) an order (the “**Initial Order**”) pursuant to the CCAA, among other things:

- (i) declaring that the Applicants are entities to which the CCAA applies;
- (ii) authorizing the continuation under the CCAA of the Proposal Proceedings;
- (iii) appointing MNP as Monitor of the Applicants;
- (iv) staying, for an initial period of not more than ten (10) days (the “**Stay of Proceedings**”), all proceedings and remedies taken or that might be taken in respect of the Applicants, the Monitor or the Applicants’ directors and officers or affecting the Applicants’ business or the Property (as defined below), except with the written consent of the Applicants and the Monitor, or with leave of this Court;
- (v) granting the Administration Charge and Directors’ Charge (each as defined in the Initial Order) over the Applicants’ current and future assets, undertakings and property of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (collectively, the “**Property**”);
- (vi) approving the First Report of Richter Advisory Group Inc. (“**Richter**”) in its capacity as proposal trustee in the Proposal Proceedings dated December 11, 2020, the Supplement to the First Report of Richter dated December 16, 2020, and the activities of Richter described therein; and
- (vii) sealing the Sproule Report (as defined below) attached as a confidential appendix to the Pre-Filing Report; and

(b) an order (the “**Settlement Approval Order**”), approving the terms of settlement set out in the Settlement Agreement among the Applicants, Pace, OPS, Jarvis Holdings Inc., Brookwood Resources Inc., 1782767 Ontario Inc., Peter Budd, Lagasco Inc. and I (the “**Settlement Agreement**”), and sealing the unredacted Settlement Agreement.

8. The Applicants sought and on May 28, 2021, obtained an order (the “**Amended and Restated Initial Order**”), which, among other things, extended the Stay of Proceedings to and including August 19, 2021.

9. The background to the CCAA Proceedings is more fully set out in my affidavit sworn May 17, 2021 (the “**Lowrie Affidavit**”). A copy of the Lowrie Affidavit (without exhibits) is attached hereto as **Exhibit “B”**. Copies of the Initial Order, the Settlement Approval Order, the Amended and Restated Initial Order and all other filings in the CCAA Proceedings are available on the Monitor’s website at: <https://mnpdebt.ca/en/corporate/corporate-engagements/clearbeach-resources-inc>.

B. Status of the CCAA Proceedings

10. Since the granting of the Initial Order, the Applicants have, with the assistance and oversight of the Monitor, acted in good faith and with due diligence to, among other things:

- (a) stabilize and continue Clearbeach’s ordinary course business operations;
- (b) continue to attend to Clearbeach’s environmental and stewardship obligations;
- (c) liaise with their stakeholders regarding the CCAA Proceedings;

- (d) effect the assignment of the Pace Loans and Pace Security (each as defined in the Settlement Agreement) and all rights thereunder to OPS as contemplated by the Settlement Agreement; and
- (e) prepare the materials in connection with this motion.

11. Prior to entering into the Transaction with the Purchaser for which approval of the Court is being sought in this motion, the Applicants, in consultation with the Monitor, also discussed the viability and commercial reasonableness of other potential options, including potentially developing and implementing a sale process to sell the assets and business operations of the Applicants. These discussions were, in significant part, informed by:

- (a) the Applicants' financial circumstances and liquidity crisis;
- (b) the need to ensure that Clearbeach's environmental and stewardship obligations are addressed in the public interest and that the Oil and Gas Assets, the MNRF Licenses and the Liabilities (each as defined in the SPA) related thereto are retained by Clearbeach;
- (c) the report prepared by a third-party service provider retained by the Monitor (the "**Sproule Report**") analyzing the potential value of Clearbeach's assets and concluding, among other things, that Clearbeach's assets have no realizable value in light of Clearbeach's environmental obligations;
- (d) the cost of plugging Clearbeach's wells, estimated by the Ministry of Natural Resources and Forestry's (the "**MNRF**") as being between \$30,000-\$1,000,000 per well, as set out in the affidavit of Mark Emery sworn January 12, 2021 in the

Proposal Proceedings, a copy of which is attached hereto as **Exhibit “C”**; and, confirming that Clearbeach’s assets have no realizable value in light of the very significant environmental obligations associated therewith;

- (e) the first-lien secured debt held by the Purchaser, exceeding \$7,500,000, which results in no realizable value being available for any other creditors until the Purchaser is paid in full; and
- (f) an appreciation that the Applicants would require significant interim financing to fund any sale process, which, given the realizable value of the Applicants’ assets, is extremely unlikely to be obtained on commercially reasonable terms, if at all.

12. After consideration of the above factors, it was determined that the Transaction with the Purchaser represented the best, and indeed very likely the only viable alternative. Notably, under the SPA, Clearbeach will retain, among other things: all of the Oil and Gas Assets; the Abandonment and Reclamation Obligations (as defined in the SPA); the MNRF Licenses related to the operation of its oil and gas wells issued under the *Oil, Gas and Salt Resources Act*, R.S.O. 1990, c. P. 12, as amended (the “**OGSRA**”) by the MNRF; and all liabilities arising from or in connection with the MNRF Licenses or compliance with or the consequences of any non-compliance with, or violation or breach of the OGSRA or any orders issued pursuant to the OGSRA.

13. Perhaps most importantly, the Transaction with the Purchaser will ensure that the environmental and stewardship obligations of Clearbeach’s oil and gas wells continue to be managed by personnel who have long-standing experience doing so, in consultation with the MNRF. A potential piecemeal sale of the oil and gas wells or the operation of the oil and gas wells

by new operators with inadequate experience would not have been acceptable to the MNRF. Moreover, a sale of the Oil and Gas Assets, including the MNRF Licenses, would have required the consent of the MNRF and potentially other regulatory consents, which would have taken an extended period of time, created uncertainty and put the oil and gas well operations and the responsible stewardship thereof in jeopardy.

14. The Applicants, in consultation with the Monitor, have structured the Transaction as a share sale in order to preserve the MNRF Licenses, the Abandonment and Reclamation Obligations and the Oil and Gas Assets and ensure that the stewardship and environmental obligations arising in connection thereto remain with Clearbeach (with OPS as Purchaser ultimately becoming the sole equity-holder of Clearbeach shares).

15. In light of all of the above factors, the Applicants are now seeking the Approval and Vesting Order, approving the SPA and the Transaction pursuant to which the Purchaser will subscribe for and purchase the New Common Shares, subject to the terms and conditions of the SPA. In accordance with the SPA, following the Consolidation and Cancellation, the Purchaser will be the sole owner of 100% of the issued and outstanding shares of Clearbeach. The salient features of the SPA are discussed in greater detail immediately below.

II. THE SPA AND THE TRANSACTION

A. Overview

16. In consultation with the Monitor, the Applicants have worked diligently to develop the SPA and the ancillary documents necessary to effect the Transaction contemplated thereunder. The salient features of the SPA are summarized in the table immediately below.

Term ¹	Details
Purchase Price	<p>In satisfaction of the aggregate subscription price for the New Common Shares (collectively, the "Purchase Price"), the Purchaser will pay:</p> <ul style="list-style-type: none"> (a) the sum of \$1.00 (the "Cash Payment"); (b) an amount equal to the amount of the Bankruptcy Costs; and (c) an amount equal to the amount of the Priority Claims, to be paid or assumed by the Purchaser on the Closing Date.
Issuance of New Common Shares	<p>On and subject to the terms and conditions of the SPA, Clearbeach will issue the New Common Shares to the Purchaser, and the Purchaser will subscribe for and purchase the New Common Shares from Clearbeach, as fully paid and non-assessable shares free and clear of all Encumbrances, effective as of the Closing Time, in exchange for the payment of the Purchase Price.</p>
Consolidation and Cancellation	<p>Immediately following the issuance of the New Common Shares to the Purchaser at the Closing Time and in accordance with the Post-Closing Reorganization and the Approval and Vesting Order, Clearbeach and the Purchaser shall take the following steps in the following sequence:</p> <ul style="list-style-type: none"> (a) Share Consolidation. Clearbeach's Articles shall be amended to, among other things: (i) consolidate the issued and outstanding common shares in the capital of Clearbeach (consisting of the New Common Shares and the Existing Shares) on the basis of the Consolidation Ratio, such that each issued and outstanding common share immediately prior to such consolidation shall be consolidated into and become, immediately following such consolidation, a number of common shares equal to the Consolidation Ratio when expressed as a fraction; and (ii) provide for such additional changes to the rights and conditions attached to the common shares of Clearbeach as may be requested by the Purchaser, in its sole and unfettered discretion. (b) Fractional Share Transfer. The Purchaser shall purchase and acquire the fractional common share resulting from the consolidation of the Existing Shares, being 0.0001 common shares, from the holder thereof for a purchase price of \$0.01. (c) Share Cancellation. Any fractional common shares of Clearbeach held by any holder of such shares immediately

¹ All capitalized terms appearing within this table and not otherwise defined herein have the meaning ascribed to them in the SPA.

	<p>following the consolidation of such shares and the share transfer described in Section 2.2(b) of the SPA shall be cancelled without any Liability, payment or other compensation in respect thereof, and the Articles shall be altered as necessary to achieve such cancellation.</p>
Post-Consolidation Shares	<p>Subject to the terms and conditions of the SPA, effective immediately following the Consolidation and Cancellation, the Purchaser shall be the sole owner of the Post-Consolidation Shares, which shall represent 100% of Clearbeach's issued and outstanding equity.</p>
Retained Assets	<p>Pursuant to the Approval and Vesting Order, on the Closing Date and in accordance with the terms of the SPA, Clearbeach will retain all of the Retained Assets, being all of Clearbeach's properties, assets and rights other than the Excluded Contracts, including, without limitation, the following:</p> <ul style="list-style-type: none">(a) cash, bank balances, moneys in possession of banks, the Monitor and other depositories, term or time deposits and similar cash items, owned or held by or for the account of Clearbeach, save and except for the Pace Retained Funds;(b) the Accounts Receivable relating to the Business and the benefit of all security (including cash deposits), guarantees and other collateral held by Clearbeach relating thereto;(c) the Loans Receivable from Lagasco Inc. and Terra Drilling Inc.;(d) any rights of Clearbeach in and to the deposits for asset retirement obligations held for the benefit of the MNRF;(e) the Books and Records;(f) the Retained Contracts;(g) the Clearville Property;(h) all Easements and Road User Agreements;(i) the Goodwill;(j) the Governmental Authorizations, except to the extent consent to change of control is required;(k) the MNRF Licenses;(l) the Oil and Gas Assets;(m) all of the issued and outstanding shares of OM Energy GP Inc. owned by Clearbeach;

	<ul style="list-style-type: none"> (n) properties, assets and rights that are added as Retained Assets pursuant to the terms of the SPA; and (o) all other rights, seismic, geological information, properties and assets of Clearbeach used in or held by Clearbeach for use in or relating to the Business, of whatsoever nature or kind and wherever situated.
<p>Retained Liabilities</p>	<p>Pursuant to the Approval and Vesting Order, on the Closing Date and in accordance with the terms of the SPA, Clearbeach will retain all of the Retained Liabilities and will remain liable in respect of the Retained Liabilities, which include the Liabilities of Clearbeach:</p> <ul style="list-style-type: none"> (a) arising from or in connection with the performance of the Retained Contracts after the Filing Date; (b) arising from or in connection with the Easements and Road User Agreements after the Filing Date; (c) that are Abandonment and Reclamation Obligations; (d) to the Purchaser under the Pace Loan and the Pace Security; (e) under the Mortgage Assumption; (f) arising from or in connection with the MNRF Licenses or compliance with or the consequences of any non-compliance with, or violation or breach of the OGSRA or any orders issued pursuant to the OGSRA; (g) for all Taxes (excluding all interest, penalties or additions forming part of such Taxes) before and after the Filing Date under or in connection with the <i>Municipal Act, 2001</i> (Ontario) or the <i>Assessment Act</i> (Ontario), subject to any settlement, appeal, or rights of set-off, including Taxes in connection with roll numbers 365036000263700, 365041001236700, 365048000240801, 365031000326900, 380600606019308, 380600606019309, 342900000815600, 342900000601100, 342900000815900, 404016003122600, 380501001053100, 380501001053101, 384104100303500, 384104100303501, 343400008010200, 343400008010400; and (h) that are added as Retained Liabilities pursuant to the terms of the SPA.

<p>Excluded Assets</p>	<p>Pursuant to the Approval and Vesting Order, on the Closing Date, all of the Excluded Assets shall be transferred to and vested in ResidualCo immediately prior to the Closing Time, which include:</p> <ul style="list-style-type: none"> (a) the Excluded Contracts; and (b) any assets that are added to the Excluded Assets pursuant to the terms of the SPA (provided that the Purchaser may not designate any of the Oil and Gas Assets as Excluded Assets).
<p>Excluded Liabilities</p>	<p>Pursuant to the Approval and Vesting Order, on the Closing Date all of the Excluded Liabilities shall be transferred to and assumed by ResidualCo immediately prior to the Closing Time, which include all Encumbrances, Claims, Liabilities, obligations, undertakings, leases, agreements, debts, rights and entitlements of any kind or nature whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or in equity and whether arising by subrogation, set-off, right of indemnification or otherwise) of or against Clearbeach other than the Retained Liabilities including, without limiting the generality of the foregoing, those:</p> <ul style="list-style-type: none"> (a) arising from or in connection with the conduct of the Business and the operation of the Retained Assets prior to the Closing Time (other than those specifically included in the Retained Liabilities), including without limitation, any gross overriding royalty interests, or other royalty or similar interests or rights granted by Clearbeach; (b) arising from, in connection with or otherwise accruing before or after the Filing Date relating to any of the Excluded Assets; (c) relating to any change of control provision that may arise in connection with the change of control contemplated by the Transaction and to which Clearbeach may be bound as at the Closing Time; (d) arising under or in connection with the <i>Municipal Act, 2001</i> (Ontario) or the <i>Assessment Act</i> (Ontario), before the Filing Date in connection with one or more pipelines including without limitation, Taxes in connection with roll numbers 340100000308810, 402009000000100, 402019000000100, 403024000000100, 365048000240800, 365026000504000, 342900000815700, 404016000000100, 340800001103930, 331054501035210, 401004000000100, 380501001053000, 384104100414601;

	<p>(e) penalties, interest or additions which constitute Taxes arising before and after the Filing Date under or in connection with the <i>Municipal Act, 2001</i> (Ontario) or the <i>Assessment Act</i> (Ontario), subject to any settlement, appeal, or rights of set-off, including Taxes in connection with roll numbers 365036000263700, 365041001236700, 365048000240801, 365031000326900, 380600606019308, 380600606019309, 342900000815600, 342900000601100, 342900000815900, 404016003122600, 380501001053100, 380501001053101, 384104100303500, 384104100303501, 343400008010200, 343400008010400;</p> <p>(f) arising under or in connection with any and all Easements and Road User Agreements before the Filing Date; and</p> <p>(g) that are added as Excluded Liabilities pursuant to the terms of the SPA (provided that the Purchaser may not designate the Abandonment and Reclamation Obligations or the MNRF Licenses or any Liabilities arising from or in connection to the MNRF Licenses or compliance with or the consequences of any non-compliance with, or violation or breach of the OGSRA or any orders issued pursuant to the OGSRA, as Excluded Liabilities or Excluded Contracts, as applicable).</p>
Outside Date	August 19, 2021 or such later date as the Parties may agree to in writing.
Termination	<p>The SPA may be terminated on or prior to the Closing Date:</p> <p>(a) by the mutual written agreement of the Parties; or</p> <p>(b) by either Party upon written notice to the other Party if: (i) the Approval and Vesting Order has not been obtained by the Outside Date, or (ii) the Court declines at any time to grant the Approval and Vesting Order; in each case for reasons other than a breach of this Agreement by the Party proposing to terminate the Agreement.</p>

17. I note that the corporate reorganization steps set out above are still being refined as between Clearbeach, the Purchaser and their respective advisors in order to maximize tax and commercial efficiencies. Accordingly, they may, in accordance with the terms of the SPA, be subject to further amendment. The end result of these reorganization steps will be that all existing equity and Equity

Claims (as defined in the CCAA) in respect of Clearbeach will be cancelled for no or nominal consideration and that the Purchaser will be issued new equity such that post-closing, the Purchaser will be the owner of all of the equity of Clearbeach. The cancellation of the existing equity for no or nominal consideration is consistent with the fact that Clearbeach is insolvent and its creditors will not be paid in full. As such, Clearbeach's equity has no value.

18. I also note that the SPA provides that there may be further revisions to the schedules as they are still being refined by Clearbeach in consultation with the Monitor and its advisors and the Purchaser and its advisors. In order to give all parties as much notice of this motion as is reasonably possible in all the circumstances, a substantially final form of the SPA is being filed with the notice of motion more than three weeks in advance of the return date of the motion and any further revisions to the SPA will be posted to the Monitor's website.

19. The following steps set forth in the proposed Approval and Vesting Order will be required to effect the Transaction to trigger the delivery of the Monitor's Certificate to the Purchaser (the **"Effective Time"**):

- (a) first, (i) ResidualCo will be added as an Applicant in the CCAA Proceedings and the directors and officers of ResidualCo (collectively, the **"ResidualCo D&Os"**) will be deemed to have resigned;
- (b) second, all of Clearbeach's right, title and interest in and to the Excluded Assets will vest absolutely and exclusively in ResidualCo, and any and all Claims and Encumbrances (each as defined in the Approval and Vesting) will continue to attach to the Excluded Assets with the same nature and priority as they had immediately prior to the transfer;

- (c) third, all Excluded Contracts (together with the obligations and liabilities thereunder) and Excluded Liabilities (which for greater certainty includes all Claims against Clearbeach other than the Retained Liabilities (as defined in the SPA)) will be channelled to, assumed by and vest absolutely and exclusively in ResidualCo such that the Excluded Contracts and Excluded Liabilities will become obligations of ResidualCo and will no longer be obligations of Clearbeach, and Clearbeach and the Retained Assets (as defined in the SPA) will be forever released and discharged from such Excluded Contracts and Excluded Liabilities and all related Claims (excluding, for greater certainty, the Retained Liabilities) and all Encumbrances in connection therewith or affecting or relating to Clearbeach and the Retained Assets (other than the Permitted Encumbrances (as defined in the SPA)) are expunged and discharged as against Clearbeach and the Retained Assets;
- (d) fourth, all issued and outstanding shares (including for greater certainty, all preferred shares) in the capital of Clearbeach other than the Existing Shares (as defined in the SPA) (and, for greater certainty, not including the New Common Shares to be subsequently issued to the Purchaser pursuant to the SPA), and all options, conversion privileges, equity-based awards, warrants, securities, debentures, loans, notes or other rights, agreements or commitments of any character whatsoever that are held by any person and are convertible or exchangeable for any securities of Clearbeach or which require the issuance, sale or transfer by Clearbeach, of any shares or other securities of Clearbeach and/or the share capital of Clearbeach, or otherwise relating thereto, will be, and will be

deemed to be, terminated and cancelled without any payment or other consideration;

- (e) fifth, the Bankruptcy Costs will be paid by the Purchaser, on behalf of Clearbeach, to the Monitor, who will provide same to the trustee in bankruptcy of ResidualCo (in such capacity, the “Trustee”), which Bankruptcy Costs will be held and applied by the Monitor and the Trustee free and clear of any Claims or Encumbrances;
- (f) sixth, the Purchaser will pay, assume or otherwise satisfy the Priority Claims in accordance with the terms of the SPA, and, upon payment thereof, the Priority Claims will be forever released, expunged and discharged as against the Retained Assets, Clearbeach and the New Common Shares;
- (g) seventh, in consideration for the Purchase Price, Clearbeach will issue the New Common Shares to the Purchaser as fully paid and non-assessable shares of Clearbeach, and all right, title and interest in and to the New Common Shares will vest absolutely and exclusively in the Purchaser, free and clear of any and all Claims and Encumbrances and all Claims and Encumbrances affecting or relating to the New Common Shares will be expunged and discharged as against the New Common Shares;
- (h) eighth, the outstanding common shares in the capital of Clearbeach (being the New Common Shares and the Existing Shares) will be consolidated on the basis of the Consolidation Ratio (as defined in the SPA), and the Articles of Clearbeach will be amended as necessary to achieve such consolidation;

- (i) ninth, the holder of the the fractional common share of Clearbeach resulting from the consolidation of the Existing Shares, being 0.0001 common shares, will sell such fractional share to the Purchaser, and the Purchaser will purchase and acquire such fractional share from such holder, for a purchase price of \$0.01;
- (j) tenth, any fractional common shares in the capital of Clearbeach held by any holder of such shares immediately following the consolidation of such shares pursuant to the Approval and Vesting Order and the aforementioned share transfer will be cancelled without any Liability, payment or other consideration in respect thereof, and the Articles of Clearbeach will be amended as necessary to achieve such cancellation; and
- (k) eleventh, Clearbeach will be deemed to cease being an Applicant in the CCAA Proceedings, and Clearbeach will be deemed to be released from the purview of the Initial Order and all other orders of the Court granted in respect of the CCAA Proceedings, save and except for the Approval and Vesting Order, the provisions of which (as they relate to Clearbeach) will continue to apply in all respects.

20. Clearbeach is seeking to be removed as an applicant in the CCAA Proceedings given that, after the Effective Time, Clearbeach will be owned and controlled by the Purchaser. The Applicants, in consultation with the Monitor, are continuing to consider the restructuring options available to Forbes. I understand that a final determination in this regard will be made well in advance of the Effective Time and if possible, prior to the return date of this motion.

21. Pursuant to the proposed Approval and Vesting Order, from and after the Effective Time, all persons will be forever barred, estopped, stayed and enjoined from commencing, taking,

applying for or issuing or continuing any and all steps or proceedings, against Clearbeach, the Retained Assets or the New Common Shares relating in any way to or in respect of any Excluded Assets, Excluded Liabilities or Excluded Contracts. From and after the Effective Time, all persons that prior to the Effective Time had a valid right or claim against Clearbeach under or in respect of any Excluded Contract or Excluded Liability (each an “**Excluded Liability Claim**”) will no longer have such right or claim against Clearbeach but will have an equivalent Excluded Liability Claim against ResidualCo in respect of the Excluded Contract or Excluded Liability from and after the Effective Time in its place and stead. The Excluded Liability Claim of any person against ResidualCo following the Effective Time will have the same rights, priority and entitlement as such Excluded Liability Claim had against the Applicants prior to the Effective Time.

22. The SPA is subject to a number of conditions precedent, including, among others:
- (a) the Approval and Vesting Order shall not have been stayed, varied in a manner adverse to Clearbeach or the Purchaser, or vacated, and no application, motion or other proceeding shall have been commenced seeking the same, which has not been fully dismissed or withdrawn or otherwise resolved in a manner satisfactory to Clearbeach and the Purchaser, each acting reasonably;
 - (b) no order shall have been issued by a Governmental Authority (as defined in the SPA) which restrains or prohibits the completion of the Transaction;
 - (c) no motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transaction contemplated by the SPA;

- (d) pursuant to the Approval and Vesting Order, (i) ResidualCo shall have been added as an applicant in the CCAA Proceeding, (ii) all of the Excluded Assets and the Excluded Liabilities shall have been transferred to, assumed by and vested in ResidualCo or discharged, (iii) the Excluded Liabilities shall have attached to the Excluded Assets, and (iv) Clearbeach and its business and property shall have been released and forever discharged of all Claims and Encumbrances (other than the Permitted Encumbrances and Retained Liabilities) such that, from and after Closing (as defined in the SPA) the business and property of Clearbeach shall exclude the Excluded Assets and shall not be subject to any Excluded Liabilities; and
- (e) pursuant to the Approval and Vesting Order, all issued and outstanding Equity Interests (as defined in the SPA) (including for greater certainty, all preferred shares) of Clearbeach other than the Existing Shares (and, for greater certainty, not including the New Common Shares to be issued to the Purchaser on Closing) shall have been terminated and cancelled without any payment or other consideration.

23. The proposed Transaction is not conditional upon further due diligence by the Purchaser or financing. Further, the Transaction will, if the requested Approval and Vesting Order is granted, allow for a closing that will permit Clearbeach to conserve its limited resources, continue its operations, and attend to the environmental and stewardship of its Oil and Gas Assets without interruption.

B. The Excluded Liabilities

24. As noted above, pursuant to the SPA and the proposed Approval and Vesting Order all Excluded Liabilities will be channelled to, assumed by and vest absolutely and exclusively in

ResidualCo. The list of Excluded Liabilities contained within the SPA is excerpted above. The Excluded Liabilities include, among other things, all Encumbrances, Claims, Liabilities, obligations, undertakings, leases, agreements, debts, rights and entitlements of any kind or nature whatsoever of or against Clearbeach other than the Retained Liabilities, including:

- (a) any gross overriding royalty interests (“**GORRs**”);
- (b) any liabilities arising under or in connection with the *Municipal Act, 2001*, S.O. 2001, c. 25 (the “**Municipal Act**”) or the *Assessment Act*, R.S.O. 1990, c. A. 31 (the “**Assessment Act**”) before the Filing Date in connection with one or more pipelines including without limitation, Taxes (as defined in the SPA); and
- (c) all penalties, interest or additions which constitute Taxes arising before and after the Filing Date under or in connection with the Municipal Act or the Assessment Act, subject to any settlement, appeal, or rights of set-off.

25. Each of the foregoing Excluded Liabilities are in the nature of monetary interests and are not interests in real property of Clearbeach, given that, among other things, Clearbeach does not own any real property other than the Clearville Property (as defined in the SPA), which is a residential property on which there are no oil and gas wells. The GORRs are contractual obligations provided to their respective holders as security for monetary obligations of Clearbeach while the municipal taxes (including the interest, penalties or additions thereon) coming within the ambit of Excluded Liabilities are in respect of neither real property nor buildings thereon. Rather, they arise in connection with certain machinery and fixtures that are erected or placed upon, over or under the Landowners’ real property or municipal property (i.e. roadways).

26. The Gross Overriding Royalty Agreement dated November 16, 2018, between Clearbeach Resources Inc. and Crich Holdings and Buildings Limited (the “**Crich GORR**”), is among the GORRs granted by Clearbeach. The Crich GORR was granted as general and continuing security for the Obligations (as defined in the Crich GORR) of Clearbeach, which include, among other things, various shareholder loans. This interest is extinguished upon the satisfaction of the Obligations and does not run with the land. Further, the interests granted under the Crich GORR arose subsequent to the Pace Security and therefore rank behind the security held by the Purchaser over Clearbeach. This includes the Fixed and Floating Charge Demand Debenture in the amount of \$8 million in favour of Pace (the “**Debenture**”) in respect of Clearbeach’s existing and future leases, lands and premises and all of its present and after acquired Oil and Gas Properties (as defined in the Debenture). A copy of the Crich GORR is attached hereto as **Exhibit “D”**.

27. As set out above, the transfer of the Excluded Liabilities to ResidualCo is a condition precedent to the SPA. In light of Clearbeach’s environmental and stewardship obligations and the realizable value of its assets, I understand that the Purchaser is not willing to effect the Transaction absent the vesting out of such Excluded Liabilities, given that the cash generated by Clearbeach’s operations will need to be deployed to meeting its operating expenses, including payment of the costs associated with meeting its environmental obligations and addressing the MNR’s orders.

C. Approval of the SPA

28. The Applicants, in consultation with the Monitor, have structured the Transaction as a share sale in order to preserve the MNR Licenses, the Abandonment and Reclamation Obligations and the Oil and Gas Assets and ensure that the stewardship and environmental obligations arising in connection thereto remain with Clearbeach. I am advised by Raj Sahni of Bennett Jones LLP,

counsel to the Applicants, that the reverse vesting of the Excluded Liabilities, Excluded Assets and Excluded Contracts contemplated by the Transaction and the Approval and Vesting Order, have previously been used when effecting similar transactions in highly regulated industries, including the oil and gas industry, to navigate regulatory hurdles and reduce closing uncertainty.

29. The Applicants believe that the SPA and the Transaction contemplated thereunder presents the best possible outcome for their stakeholders in the circumstances, given that, among other things:

- (a) the SPA and the Transaction ensures that Clearbeach's business can continue as a going-concern in the interest of its stakeholders;
- (b) given the realizable value of Clearbeach's assets, Clearbeach's significant environmental and stewardship obligations, and Clearbeach's capital structure, the SPA and the Transaction present the only commercially reasonable and viable transaction capable of ensuring a going-concern result;
- (c) the SPA and the Transaction allow Clearbeach to avoid the devastating impacts of bankruptcy – the only likely alternative in the circumstances;
- (d) the SPA and the Transaction ensure that Clearbeach's environmental and stewardship obligations can be attended to and avoid the potentially disastrous effects of such liabilities being abandoned, including for those Landowners whose Clearbeach's oil and gas wells are situated on; and

- (e) in addition to the granting of the Approval and Vesting Order, the closing of the Transaction is based on customary conditions and requisite approvals and is not predicated on onerous closing obligations.

30. I understand that the Monitor is supportive of the SPA and the Transaction contemplated thereunder, subject in all cases to the guidance of the Court.

III. CONCLUDING THE CCAA PROCEEDINGS AND RELATED RELIEF

31. To preserve stakeholder value and facilitate the efficient completion of their restructuring, the Applicants are also seeking to conclude the CCAA Proceedings as they concern Clearbeach, pursuant to the Approval and Vesting Order. Specifically, the proposed Approval and Vesting Order provides for the conclusion of the CCAA Proceedings as they concern Clearbeach at the Effective Time. At the Effective Time, MNP will be released and discharged as Monitor in respect of Clearbeach and each of the Administration Charge and the Directors' Charge, which will have been paid (on behalf of Clearbeach) or assumed by the Purchaser, will be terminated, again as they relate to Clearbeach.

32. Certain of the other relief sought under the Approval and Vesting Order necessary to effect the orderly conclusion of the CCAA Proceedings as they relate to Clearbeach and the Assignment in Bankruptcy of ResidualCo is discussed immediately below.

A. Authorizing ResidualCo's Assignment in Bankruptcy

33. Given that the Transaction will not provide proceeds to satisfy the claims of ResidualCo's creditors, the Applicants do not intend for ResidualCo to file a plan of compromise or arrangement or conduct a claims resolution process in the CCAA Proceedings. Accordingly, the proposed

Approval and Vesting Order authorizes the Monitor on behalf of ResidualCo, to file an assignment in bankruptcy and MNP to act as the Trustee. The proposed bankruptcy process will facilitate the orderly wind-up of ResidualCo's estate. Pursuant to the SPA, the Bankruptcy Costs associated with the Assignment in Bankruptcy will be paid by the Purchaser.

34. As an experienced Licensed Insolvency Trustee, and with its experience as Monitor in the CCAA Proceedings, MNP has the requisite expertise and qualifications to oversee the Assignment in Bankruptcy of ResidualCo. MNP is currently expected to file the Assignment in Bankruptcy for ResidualCo shortly after the closing of the Transaction. MNP is anticipated, though not obligated, to act as the Trustee for ResidualCo's estate.

35. I understand that the Monitor is supportive of having its powers expanded in accordance with the Approval and Vesting Order to facilitate the Assignment in Bankruptcy of ResidualCo.

B. Granting Limited Releases in Favour of the Released Parties

36. The proposed Approval and Vesting Order provides (i) the current directors, officers, employees, independent contractors that have provided legal or financial services to the Applicants, legal counsel and advisors of the Applicants, (ii) the ResidualCo D&Os, and (iii) the Monitor and its legal counsel (collectively, the "**Released Parties**") with the benefit of a release against the Released Claims (as defined in the Approval and Vesting Order). Pursuant to the Approval and Vesting Order, such release will be effective upon the filing of the Monitor's Certificate.

37. Importantly, the Released Claims are subject to a number of exclusions. Specifically, the Released Claims do not include any claim or liability arising out of any gross negligence or wilful

misconduct on the part of any of the Released Parties or any claim against the Applicants' current and former directors that is not permitted to be released pursuant to subsection 5.1(2) of the CCAA.

38. The proposed release of the Released Parties from the Released Claims was essential to the negotiation of the Transaction and is critical to preserving Clearbeach's limited resources and thus, the successful outcome of the CCAA Proceedings for Clearbeach. Each of the Released Parties have made, and continue to make, significant contributions to the CCAA Proceedings and the Applicants' restructuring efforts. The proposed release provides certainty and finality for the Released Parties and prevents further time and resources from being exhausted in resolving indemnity claims in the CCAA Proceedings.

39. Absent the proposed release of the Released Parties, the Applicants and ResidualCo will face exposure to potential contribution and indemnity claims from the Applicants' directors and officers as well as the ResidualCo D&Os. Such indemnity claims will invariably detract from the Applicants' ability to continue their ordinary course business operations free of disruption and deplete Clearbeach's limited resources, which are required to continue to satisfy its stewardship and environmental obligations.

40. I am advised by the Monitor that it believes that the proposed release is fair, reasonable and appropriate in the circumstances.

C. Granting Limited Releases in Favour of the Landowners

41. In addition to providing for a release in favour of the Released Parties, the proposed Approval and Vesting Order also provides a release in favour of all persons upon whose real property the Oil and Gas Assets are situated (collectively, the "**Landowners**"). Specifically, the

Landowners will be, and will be deemed to be, forever irrevocably released and discharged from any and all claims, liabilities, (direct, indirect, absolute or contingent) or obligations with respect to any Taxes (including penalties and interest thereon) of, or that relate to, Clearbeach arising under the Municipal Act and/or the Assessment Act (provided that such release will not apply to Taxes in respect of the business and operations conducted by Clearbeach after the Effective Time).

42. The proposed release in favour of the Landowners recognizes their continued contribution to the Applicants' restructuring efforts and mitigates the claims that such Landowners may have against Clearbeach. As discussed above, some liabilities arising under or in connection with the Municipal Act or the Assessment Act, including certain Taxes form part of the Excluded Liabilities. If the Approval and Vesting Order is granted, the municipalities to which such Taxes are owed will be limited in their recourse to ResidualCo's estate and may, as a result, claim against the Landowners for any outstanding tax arrears. In turn, the Landowners may restrict or refuse to permit Clearbeach to continue its ordinary course operations or otherwise initiate claims against Clearbeach.

43. The Applicants believe that the proposed release in favour of the Landowners is necessary in the circumstances, given that:

- (a) throughout the Proposal Proceedings and the CCAA Proceedings the Landowners have continued to permit Clearbeach to conduct its business operations on their respective real property, which is essential to the satisfaction of Clearbeach's ordinary course and stewardship and environmental obligations;
- (b) the Landowners' continued cooperation following the Effective Time is critical to Clearbeach's ability to continue as a going-concern on a restructured basis;

- (c) absent the Landowners' continued cooperation, Clearbeach will be forced to make an assignment in bankruptcy – a result that would be antithetical to the Applicants' restructuring efforts and is likely to have far reaching economic and environmental consequences;
- (d) the proposed release in favour of the Landowners is intimately connected with the treatment of the Excluded Liabilities, which is a condition precedent to the Transaction; and
- (e) the commencement by Landowners of claims against Clearbeach whether for contribution and indemnity or otherwise following the Effective Time will exhaust Clearbeach's limited resources and impair its ability to continue to meet its environmental and stewardship obligations.

IV. CONCLUSION

44. Since the granting of the Initial Order, the Applicants have acted and continue to act in good faith and with due diligence to, among other things, stabilize their business and attend to Clearbeach's environmental and stewardship obligations, with a view to preserving value for their stakeholders.

45. The SPA and the Transaction contemplated thereunder are the product of extensive consideration of the Applicants' restructuring options and engagement with the Purchaser. The proposed Transaction is the best possible outcome in the circumstances, given the Applicants' financial circumstances, the regulatory framework in which Clearbeach operates, the realizable value of the Applicants' assets and Clearbeach's environmental and stewardship obligations. If

approved, the Transaction will see Clearbeach’s business continue as a going concern and ensure that its environmental and stewardship obligations continue to be addressed. The Transaction is the only viable option that ensures a going concern result to have materialized in the course of the Proposal Proceedings and the CCAA Proceedings.

46. In light of the foregoing, I believe that the relief sought pursuant to the Approval and Vesting Order is reasonable and appropriate in the circumstances. Further, I understand that the Monitor is supportive of the relief described herein.

47. I swear this affidavit in support of the of the Applicants’ motion for the Approval and Vesting Order and for no other or improper purpose.

SWORN BEFORE ME over)
videoconference on this 21st day of June,)
2021. The affiant was located in the City of)
London, in the Province of Ontario and the)
Commissioner was located in the City of)
Oakville, in the Province of Ontario. This)
affidavit was commissioned remotely as a)
result of COVID-19 and the declaration was)
administered in accordance with Ontario)
Regulation 431/20.)

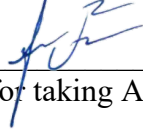
JOSHUA FOSTER

A Commissioner for Oaths in and for the
Province of Ontario

JANE LOWRIE

TAB A

THIS IS **EXHIBIT "A"** REFERRED TO IN THE
AFFIDAVIT OF JANE LOWRIE,
SWORN BEFORE ME THIS 21st DAY OF JUNE, 2021.



A Commissioner for taking Affidavits, etc.

SHARE PURCHASE AGREEMENT

This Agreement is made as of the [●]th day of June, 2021 between:

CLEARBEACH RESOURCES INC., an Ontario corporation

("Clearbeach")

- and -

OIL PATCH SERVICES INC., an Ontario corporation

(the "**Purchaser**")

WHEREAS on May 20, 2021, Clearbeach and Forbes Resources Corp. applied for and commenced proceedings (the "**CCAA Proceeding**") under the *Companies' Creditors Arrangement Act* (the "**CCAA**") pursuant to the Initial Order of the Honourable Madam Justice Gilmore of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") (as amended and restated on May 28, 2021, the "**Initial Order**");

AND WHEREAS on May 20, 2021, the Court approved a Settlement Agreement dated May 17, 2021 among the Purchaser, Clearbeach, Forbes Resources Corp., PACE Savings & Credit Union Limited, Jane Lowrie, Jarvis Holdings Inc., Brookwood Resources Inc., 1782767 Ontario Inc., Peter Budd and Lagasco Inc. (the "**Pace Settlement Agreement**") that, among other things, sets out the terms and conditions pursuant to which the Purchaser acquired the secured Pace Loans and the Pace Security;

AND WHEREAS Clearbeach desires to issue the New Common Shares to the Purchaser, and the Purchaser has agreed to subscribe for and purchase the New Common Shares, subject to the terms and conditions set forth in this Agreement and the applicable provisions of the CCAA;

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

Unless something in the subject matter or context is inconsistent therewith, the terms defined herein shall have the following meanings:

"Abandonment and Reclamation Obligations" means all past, present and future obligations to:

- (a) abandon, plug, shut-down, close, decommission, dismantle or remove any and all Oil and Gas Assets, including all structures, foundations, buildings, pipelines, equipment and other facilities used or previously used in respect of petroleum substances produced or previously produced from the Oil and Gas Assets; and

- (b) restore, remediate and reclaim the surface and subsurface locations of the Oil and Gas Assets and any lands used to gain access thereto, including such obligations relating to wells, pipelines and facilities which were abandoned or decommissioned prior to the Closing Date that were located on lands used in respect of petroleum substances produced or previously produced from such lands, and including the remediation, restoration and reclamation of any other surface and sub-surface lands affected by any environmental damage, contamination or other environmental issues emanating from or relating to the sites for the Oil and Gas Assets,

all in accordance with generally accepted oil and gas industry practices and in compliance with all Applicable Law, provided however that such obligations and Liabilities do not include obligations and Liabilities solely associated with the Excluded Assets or Excluded Liabilities.

"Accounts Receivable" means accounts receivable, bills receivable, trade accounts and book debts, recorded as a receivable in the Books and Records and other amounts due or deemed to be due to Clearbeach including, refunds, and rebates receivable relating to the Business or the Retained Assets, including (a) those amounts recoverable under insurance policies; and (b) any refunds of Taxes paid by Clearbeach such as GST/HST, corporate tax, municipal tax and provincial sales tax.

"Affiliate" has the meaning given to the term "affiliate" in the *Business Corporations Act* (Ontario).

"Agreement" means this share purchase agreement, as may be amended and restated from time to time in accordance with the terms hereof, and "Article" and "Section" mean and refer to the specified article, section and subsection of this Agreement.

"Applicable Law" means, in respect of any Person, property, transaction or event, any domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order, in each case, having the force of law that applies in whole or in part to such Person, property, transaction or event.

"Approval and Vesting Order" means an order, substantially in the form of the draft order attached hereto as Schedule "F", issued by the Court which, among other things, approves this Agreement and the Transaction and the Reorganization Transactions.

"Bankruptcy Costs" means the amount to be paid to the Monitor on behalf of ResidualCo to fund the estimated costs of the bankruptcy of ResidualCo to be effected following the Closing.

"Books and Records" means all files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including Tax and accounting books and records, used or intended for use by, and in the possession of Clearbeach, in connection with the ownership of Clearbeach, or operation of the Business, including the Retained Contracts, customer lists, customer information and account records, sales records, computer files, data processing records, employment and personnel records, sales literature, advertising and marketing data and records, credit records, records relating to suppliers and other data, in each case, relating to the Business.

"Business" means the business conducted by Clearbeach, being the exploration, development, operation and abandonment of oil and gas wells and reserves in the Province of Ontario.

"Business Day" means a day on which banks are open for business in Toronto, Ontario but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario.

"**Cash Payment**" has the meaning set out in Section 3.1.

"**CCAA**" has the meaning set out in the recitals hereto.

"**CCAA Charges**" means the Administration Charge and the Directors' Charge (each as defined in the Initial Order) with respect to Clearbeach.

"**CCAA Proceeding**" has the meaning set out in the recitals hereto.

"**Claims**" means claims, demands, complaints, grievances, actions, applications, suits, causes of action, Orders, charges, indictments, prosecutions, arbitrations, informations or other similar processes, assessments or reassessments, judgments, debts, indebtedness, liabilities, obligations, expenses, costs, damages or losses, contingent or otherwise (whether contractual, statutory, or otherwise), of any kind or nature whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether arising by subrogation, set-off, right of indemnification or otherwise), whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including loss of value, reasonable professional fees, including fees and disbursements of legal counsel on a partial indemnity basis, and all actual and documented costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing.

"**Clearbeach**" has the meaning set out in the recitals hereto.

"**Clearville Property**" means the property municipally known as 15609 Talbot Trail, Orford, Ontario, N0L 1X0.

"**Closing**" means the closing and consummation of the Transaction.

"**Closing Date**" means the date that is ten (10) Business Days after the date the Approval and Vesting Order is obtained, or such other earlier or later date as may be agreed by the Parties, on which the Closing is to occur.

"**Closing Time**" means the time on the Closing Date following the Effective Time (as such term is defined in the Approval and Vesting Order) at which time the New Common Shares are issued to the Purchaser in accordance with the Approval and Vesting Order.

"**Consolidation and Cancellation**" means the consolidation of all issued and outstanding common shares in the capital of Clearbeach (consisting of the New Common Shares and Existing Shares) in accordance with the Consolidation Ratio, and the cancellation of all fractional common shares following such consolidation, all in accordance with Article 2.

"**Consolidation Ratio**" means the ratio of 1,000,000:1 (which, for greater certainty, when expressed as a fraction is $\frac{1}{1,000,000}$).

"**Contracts**" means the written contracts, agreements, leases, understandings and arrangements that are related to the Business to which Clearbeach is a party or by which Clearbeach is bound or in which Clearbeach has any rights, including any oil and gas leases and oil and gas contracts.

"**Court**" has the meaning set out in the recitals hereto.

"Discharged" means, in relation to any Encumbrance against any Person or upon any asset, undertaking or property, the full, final, complete and permanent waiver, release, discharge, cancellation, termination and extinguishment of such Encumbrance against such Person or upon such asset, undertaking or property.

"Easements and Road User Agreements" means any easements or road user agreements entered into between a local municipality and Clearbeach, which allows Clearbeach to operate its pipelines on, under or upon municipally owned lands.

"Encumbrances" means pledges, liens, charges, security interests, hypothecs, leases, title retention agreements, mortgages, options, adverse claim, levies, trusts or deemed trusts, or encumbrances of any kind or character whatsoever (whether contractual, statutory, or otherwise), whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including without limitation, (a) any encumbrances or charges created by any Order of the Court, including the CCAA Charges, and (b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system.

"Equity Interest" has the meaning ascribed to the term "equity interest" in subsection 2(1) of the CCAA and includes the Existing Shares, any shareholder agreement in respect of the Existing Shares, any preferred shares in the capital of Clearbeach and any other interest or entitlement to shares in the capital of Clearbeach, but, for greater certainty, does not include the Post-Consolidation Shares.

"Excluded Assets" means:

- (a) the Excluded Contracts; and
- (b) any assets that are added to the Excluded Assets pursuant to Section 4.2.

"Excluded Contracts" means all Contracts of Clearbeach, that:

- (c) are listed in the list of Excluded Contracts set forth in Schedule "B"; and
- (d) any Contracts that are added to the Excluded Contracts pursuant to Section 4.2.

"Excluded Liabilities" means all Encumbrances, Claims, Liabilities, obligations, undertakings, leases, agreements, debts, rights and entitlements of any kind or nature whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or in equity and whether arising by subrogation, set-off, right of indemnification or otherwise) of or against Clearbeach other than the Retained Liabilities including, without limiting the generality of the foregoing, those:

- (a) arising from or in connection with the conduct of the Business and the operation of the Retained Assets prior to the Closing Time (other than those specifically included in the Retained Liabilities), including without limitation, any gross overriding royalty interests, or other royalty or similar interests or rights granted by Clearbeach;
- (b) arising from, in connection with or otherwise accruing before or after the Filing Date relating to any of the Excluded Assets;

- (c) relating to any change of control provision that may arise in connection with the change of control contemplated by the Transaction and to which Clearbeach may be bound as at the Closing Time;
- (d) arising under or in connection with the *Municipal Act, 2001* (Ontario) or the *Assessment Act* (Ontario), before the Filing Date in connection with one or more pipelines including without limitation, Taxes in connection with roll numbers 340100000308810, 402009000000100, 402019000000100, 403024000000100, 365048000240800, 365026000504000, 342900000815700, 404016000000100, 340800001103930, 331054501035210, 401004000000100, 380501001053000, and 384104100414601;
- (e) penalties, interest or additions which constitute Taxes arising before and after the Filing Date under or in connection with the *Municipal Act, 2001* (Ontario) or the *Assessment Act* (Ontario), subject to any settlement, appeal, or rights of set-off, including Taxes in connection with roll numbers 365036000263700, 365041001236700, 365048000240801, 365031000326900, 380600606019308, 380600606019309, 342900000815600, 342900000601100, 342900000815900, 404016003122600, 380501001053100, 380501001053101, 384104100303500, 384104100303501, 343400008010200, 343400008010400;
- (f) arising under or in connection with any and all Easements and Road User Agreements before the Filing Date; and
- (g) that are added as Excluded Liabilities pursuant to Section 4.2.

"**Existing Shares**" means all of the common shares of Clearbeach that are issued and outstanding immediately prior to the Closing Time, which, for greater certainty, does not include the New Common Shares or the Post-Consolidation Shares.

"**Filing Date**" means July 22, 2020.

"**Goodwill**" means the goodwill of the Business and relating to the Retained Assets, and information and documents relevant thereto including lists of customer and suppliers, credit information, telephone and facsimile numbers, email addresses, internet addresses and domain names used in connection with the Business, research materials, research and development files and the exclusive right of each of Clearbeach to represent itself as carrying on the Business and to all rights in respect of the names "Clearbeach", "Liberty Oil & Gas", "ON-Energy" and any variations of such names.

"**Governmental Authority**" means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry (including the MNRF), department, court (including the Court), tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation.

"**Governmental Authorizations**" means authorizations, approvals, licences or permits issued to Clearbeach relating to the Business or any of the Retained Assets by or from any Governmental Authority.

"**GST/HST**" means all goods and services tax and harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada).

"Initial Order" has the meaning set out in the recitals hereto.

"Liability" means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

"MNRF" means the Ministry of Natural Resources and Forestry of Ontario.

"MNRF Licenses" means all authorizations related to the operation of the wells issued to Clearbeach under the OGSRA by the MNRF, including without limitation the licenses for wells attached hereto as Schedule "D".

"Monitor" means MNP Ltd., in its capacity as the Court-appointed monitor of Clearbeach and Forbes Resources Corp. in the CCAA Proceeding.

"Monitor's Certificate" means the certificate of the Monitor contemplated by the Approval and Vesting Order certifying that the Monitor has received written confirmation in form and substance satisfactory to the Monitor from the Parties that all conditions of Closing have been satisfied or waived by the applicable Parties.

"Mortgage Assumption" means any and all current or future Liabilities owing by Clearbeach in connection with the Clearville Property.

"New Common Shares" means the 100,000,000 common shares in the capital of Clearbeach to be issued to the Purchaser on Closing.

"Organizational Documents" means any trust document, charter, certificate or articles of incorporation or amalgamation, articles of amendment, articles of association, articles of organization, articles of continuance, bylaws, as amended, partnership agreement or similar formation or governing documents of a Person (excluding individuals).

"OGSRA" means the *Oil Gas and Salt Resources Act* (Ontario), together with all regulations thereunder.

"Oil and Gas Assets" means all rights and interests of Clearbeach in and to:

- (a) the wells, including those for which licenses are listed in Schedule "D" and all producing, shut in, suspended, water source, injection, disposal and abandoned wells (including any abandoned wells in respect of which reclamation activities have been commenced and/or completed);
- (b) the petroleum substances being any and all of crude oil, crude bitumen and products derived therefrom, synthetic crude oil, petroleum, natural gas and all related hydrocarbons (including liquid hydrocarbons) and all other substances relating to any of the foregoing, whether liquid, gaseous or solid, and whether hydrocarbons or not, and all products derived from any of the foregoing (except coal but including sulphur);

- (c) the leases in which Clearbeach or its predecessors have an interest in as lessee(s) and are needed to produce the wells, these include all petroleum and natural gas leases, storage leases, surface leases, easements and rights of way;
- (d) any and all tangible depreciable property and assets, if any, which are located within, upon or in the vicinity of the lands and which are used or are intended to be used to produce, process, gather, treat, measure, make marketable or inject petroleum substances, or any of them, and any real property;
- (e) all equipment, machinery, fixtures and other tangible personal property and improvements located on, used or held for use or obtained in connection with the ownership or operation of the wells, including tanks, rigs with associated equipment, boilers, plants, buildings, field offices and other structures, fixtures, injection facilities, saltwater disposal facilities, compressors and other compression facilities (whether installed or not), pumping units, flow lines, pipelines, gathering systems, treating or processing systems or facilities, meters, machinery, power and other utility lines, roads, computer and automation equipment, telecommunications equipment, pressure transmitters, central processing equipment, tools, spare parts, major warehouse inventory, vehicles, and all equipment used in connection with such rolling or floating stock, including safety equipment, special tools, dynamometers, hand tools and fluid level equipment), and other appurtenances, improvements and facilities, to the extent such items are transferable to Purchaser;
- (f) engineering records, seismic data, reports, maps, analyses, logs, prospects and any other geologic or geophysical data;
- (g) all pipes, casing, tubulars, fittings, and other spare parts, supplies, tools, and materials located on, used or held for use on or held as inventory in connection with the ownership or operation of the Retained Assets and other tangibles; and
- (h) all furniture, copiers, office equipment, phone lines, satellite services, cellular modems, cell phones, computer hardware, servers, plotters, computer software, software licenses, printers, routers and other equipment to the extent such items are used for the operation of the Business.

"**Outside Date**" means August 19, 2021 or such later date as the Parties may agree to in writing.

"**Pace Loans**" has the meaning set out in the Pace Settlement Agreement.

"**Pace Retained Funds**" means the aggregate amount of all deposits received and held to date in the accounts of Clearbeach with Pace.

"**Pace Security**" has the meaning set out in the Pace Settlement Agreement.

"**Pace Settlement Agreement**" has the meaning set out in the recitals hereto.

"**Party**" means a party to this Agreement and any reference to a Party includes its successors and permitted assigns, and "**Parties**" means both parties to this Agreement.

"**Permitted Encumbrances**" means the Encumbrances listed in Schedule "E".

"Person" means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted.

"Post-Closing Reorganization" means the transactions, acts or events described in Schedule "A" under the heading "Post-Closing Reorganization", which are to occur following the Closing Time.

"Post-Consolidation Shares" means the 100 common shares of Clearbeach that will remain after the Consolidation and Cancellation, which shall (i) represent 100% of the issued and outstanding shares of Clearbeach after the Consolidation and Cancellation; and (ii) be solely owned and controlled by the Purchaser.

"Post-Filing" means the period of time after and including the Filing Date.

"Pre-Closing Reorganization" means the transactions, acts or events described in Schedule "A" under the heading "Pre-Closing Reorganization", which are to occur prior to the Closing Time.

"Pre-Filing" means the period of time prior to the Filing Date.

"Priority Claims" means the CCAA Charges.

"Priority Claims Payment" has the meaning set out in Section 3.2.

"Purchase Price" has the meaning set out in Section 3.1.

"Reorganization Transactions" means, collectively, the Pre-Closing Reorganization and the Post-Closing Reorganization.

"ResidualCo" means an Ontario corporation to be incorporated by and as a wholly-owned subsidiary of Forbes Resources Corp. for the purposes of accepting the transfer of all Excluded Assets and assumption of all Excluded Liabilities as part of the Pre-Closing Reorganization, and to be added as an applicant in the CCAA Proceeding.

"ResidualCo Shares" means all of the shares in the capital of ResidualCo.

"Retained Assets" means all of Clearbeach's properties, assets and rights other than the Excluded Contracts, including, without limitation, the following:

- (a) cash, bank balances, moneys in possession of banks, the Monitor and other depositories, term or time deposits and similar cash items, owned or held by or for the account of Clearbeach, save and except for the Pace Retained Funds;
- (b) the Accounts Receivable relating to the Business and the benefit of all security (including cash deposits), guarantees and other collateral held by Clearbeach relating thereto;
- (c) the Loans Receivable from Lagasco Inc. and Terra Drilling Inc.;
- (d) any rights of Clearbeach in and to the deposits for asset retirement obligations held for the benefit of the MNRF;
- (e) the Books and Records;

- (f) the Retained Contracts;
- (g) the Clearville Property;
- (h) all Easements and Road User Agreements;
- (i) the Goodwill;
- (j) the Governmental Authorizations, except to the extent consent to change of control is required;
- (k) the MNRF Licenses;
- (l) the Oil and Gas Assets;
- (m) all of the issued and outstanding shares of OM Energy GP Inc. owned by Clearbeach;
- (n) properties, assets and rights that are added as Retained Assets pursuant to Section 4.3; and
- (o) all other rights, seismic, geological information, properties and assets of Clearbeach used in or held by Clearbeach for use in or relating to the Business, of whatsoever nature or kind and wherever situated.

"Retained Contracts" means all Contracts entered into by Clearbeach, whether or not there are any written agreements with respect thereto, including without limitation those set forth in Schedule "C" and any Contracts that are added as Retained Contracts pursuant to Section 4.3, but excluding the Excluded Contracts.

"Retained Liabilities" means the Liabilities of Clearbeach:

- (a) arising from or in connection with the performance of the Retained Contracts after the Filing Date;
- (b) arising from or in connection with the Easements and Road User Agreements after the Filing Date;
- (c) that are Abandonment and Reclamation Obligations;
- (d) to the Purchaser under the Pace Loan and the Pace Security;
- (e) under the Mortgage Assumption;
- (f) arising from or in connection with the MNRF Licenses or compliance with or the consequences of any non-compliance with, or violation or breach of the OGSRA or any orders issued pursuant to the OGSRA;
- (g) for all Taxes (excluding all interest, penalties or additions forming part of such Taxes) before and after the Filing Date under or in connection with the *Municipal Act, 2001* (Ontario) or the *Assessment Act* (Ontario), subject to any settlement, appeal, or rights of set-off, including Taxes in connection with roll numbers 365036000263700, 365041001236700, 365048000240801, 365031000326900, 380600606019308, 380600606019309, 342900000815600, 342900000601100, 342900000815900,

404016003122600, 380501001053100, 380501001053101, 384104100303500,
384104100303501, 343400008010200, 343400008010400; and

(h) that are added as Retained Liabilities pursuant to Section 4.3,

but does not include the Excluded Liabilities.

"**Taxes**" means, with respect to any Person, all national, federal, provincial, local or other taxes, including income taxes, capital gains taxes, value added taxes, severance taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, license taxes, excise taxes, environmental taxes, transfer taxes, withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, pension plan premiums and contributions, workers' compensation premiums, employment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/HST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties and any liability for the payment of any amounts of the type described in this paragraph as a result any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any Person.

"**Transaction**" means the issuance of the New Common Shares to the Purchaser contemplated by this Agreement.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 General Construction

The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement and not to any particular section hereof. The expression "Section" or reference to another subdivision followed by a number mean and refer to the specified Section or other subdivision of this Agreement. The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.4 Extended Meanings

Words importing the singular include the plural and vice versa and words importing gender include all genders. The term "including" means "including, without limitation," and such terms as "includes" have similar meanings and the term "third party" means any other person other than Clearbeach or the Purchaser, or any affiliates thereof.

1.5 Currency

All references in this Agreement to dollars, monetary amounts, or to \$, are expressed in Canadian currency unless otherwise specifically indicated.

1.6 Statutes

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules, regulations and interpretations made under it, as it or they may have been or may from time to time be modified, amended or re-enacted.

1.7 Schedules

The following schedules attached hereto form part of this Agreement:

SCHEDULES

Schedule "A"	Reorganization
Schedule "B"	Excluded Contracts
Schedule "C"	RETAINED Contracts
Schedule "D"	MNRF Licenses
Schedule "E"	Permitted Encumbrances
Schedule "F"	Draft Approval and Vesting Order

ARTICLE 2 PURCHASE OF SHARES AND ASSUMPTION OF LIABILITIES

2.1 Issuance of New Common Shares

On and subject to the terms and conditions of this Agreement, Clearbeach agrees to issue the New Common Shares to the Purchaser, and the Purchaser agrees to subscribe for and purchase the New Common Shares from Clearbeach, as fully paid and non-assessable shares free and clear of all Encumbrances, effective as of the Closing Time, in exchange for the payment of the Purchase Price.

2.2 Consolidation and Cancellation

Immediately following the issuance of the New Common Shares to the Purchaser at the Closing Time and in accordance with the Post-Closing Reorganization and the Approval and Vesting Order, Clearbeach and the Purchaser shall take the following steps in the following sequence:

- (a) **Share Consolidation.** Clearbeach's Articles shall be amended to, among other things: (i) consolidate the issued and outstanding common shares in the capital of Clearbeach (consisting of the New Common Shares and the Existing Shares) on the basis of the Consolidation Ratio, such that each issued and outstanding common share immediately prior to such consolidation shall be consolidated into and become, immediately following such consolidation, a number of common shares equal to the Consolidation Ratio when expressed as a fraction; and (ii) provide for such additional changes to the rights and conditions attached to the common shares of Clearbeach as may be requested by the Purchaser, in its sole and unfettered discretion.
- (b) **Fractional Share Transfer.** The Purchaser shall purchase and acquire the fractional common share resulting from the consolidation of the Existing Shares, being 0.0001 common shares, from the holder thereof for a purchase price of \$0.01.

- (c) **Share Cancellation.** Any fractional common shares of Clearbeach held by any holder of such shares immediately following the consolidation of such shares and the share transfer described in Section 2.2(b) shall be cancelled without any Liability, payment or other compensation in respect thereof, and the Articles shall be altered as necessary to achieve such cancellation.

2.3 Post-Consolidation Shares

Subject to the terms and conditions of this Agreement, effective immediately following the Consolidation and Cancellation, the Purchaser shall be the sole owner of the Post-Consolidation Shares, which shall represent 100% of Clearbeach's issued and outstanding equity. For greater clarity, there will be no preferred shares in the capital of Clearbeach issued and outstanding after the Closing Time.

2.4 Right to Modify the Reorganization Transactions

At any time prior to the Closing Date, the Parties may, by giving written notice to the Monitor, elect to modify any of the steps or sequencing thereof contemplated by the Pre-Closing Reorganization or the Post-Closing Reorganization.

ARTICLE 3 PURCHASE PRICE

3.1 Purchase Price

The Purchaser agrees to pay the following consideration in satisfaction of the aggregate subscription price for the New Common Shares (collectively, the "**Purchase Price**"):

- (a) the sum of \$1.00 (the "**Cash Payment**");
- (b) an amount equal to the amount of the Bankruptcy Costs; and
- (c) an amount equal to the amount of the Priority Claims to be paid or assumed by the Purchaser on the Closing Date.

3.2 Satisfaction of the Purchase Price

The Purchaser shall pay the Purchase Price in accordance with the following:

- (a) the Cash Payment shall be paid to Clearbeach in immediately available funds;
- (b) the Bankruptcy Costs shall be paid by the Purchaser, on behalf of Clearbeach, to the Monitor on behalf of ResidualCo, who shall provide same to MNP Ltd. once appointed as trustee in bankruptcy of ResidualCo; and
- (c) the Purchaser shall, on behalf of Clearbeach, pay to the Persons entitled to be paid the Priority Claims, the amounts necessary to satisfy the Priority Claims payable to such Persons; provided that, the Purchaser and any such Person may agree, with the consent of the Monitor, that such Person's Priority Claim may be assumed by the Purchaser and/or retained by Clearbeach or satisfied other than with the payment in full of such Priority Claim on the Closing Date (the "**Priority Claims Payment**").

ARTICLE 4
RETAINED ASSETS, RETAINED LIABILITIES, EXCLUDED ASSETS AND EXCLUDED LIABILITIES

4.1 Retained Assets and Retained Liabilities; Transfer of Excluded Assets and Excluded Liabilities to ResidualCo

Pursuant to the Approval and Vesting Order, on the Closing Date and in accordance with the terms of this Agreement (i) Clearbeach shall retain all of the Retained Assets, and shall remain liable in respect of the Retained Contracts, and (ii) Clearbeach shall retain all of the Retained Liabilities and shall remain liable in respect of the Retained Liabilities.

Pursuant to the Approval and Vesting Order, on the Closing Date, (i) all of the Excluded Assets shall be transferred to and vested in ResidualCo immediately prior to the Closing Time, and (ii) all of the Excluded Liabilities shall be transferred to and assumed by ResidualCo immediately prior to the Closing Time. Notwithstanding any other provision of this Agreement, neither the Purchaser nor Clearbeach shall assume or have any liability for any of the Excluded Liabilities and all Excluded Liabilities shall be Discharged from Clearbeach and its assets, undertakings, business and property from and after the Closing Time.

4.2 Right to Exclude Assets and Liabilities

At any time prior to the day that is two (2) days prior to the hearing date for the Approval and Vesting Order, the Purchaser may, by giving written notice to Clearbeach and the Monitor, elect to:

- (a) exclude any assets or properties of Clearbeach from the Retained Assets, and add such assets or properties to the Excluded Assets;
- (b) exclude any Contract from the Retained Contracts, and add such Contracts to the Excluded Contracts; and
- (c) exclude any Liability from the Retained Liabilities and add such Liability to the Excluded Liabilities.

No change to the Purchase Price shall result from the exclusion of any assets, properties, Contracts or Liabilities from the Retained Contracts or Retained Liabilities pursuant to this Section 4.2. Notwithstanding the foregoing, the Purchaser may not designate any of the Oil and Gas Assets, the Abandonment and Reclamation Obligations or the MNRF Licenses or any Liabilities arising from or in connection to the MNRF Licenses or compliance with or the consequences of any non-compliance with, or violation or breach of the OGSRA or any orders issued pursuant to the OGSRA, as Excluded Liabilities, Excluded Assets or Excluded Contracts, as applicable.

4.3 Right to Add Assets and Liabilities

At any time prior to the day that is two (2) days prior to the hearing date for the Approval and Vesting Order, the Purchaser may, by giving written notice to Clearbeach and the Monitor, elect to:

- (a) exclude any assets or properties of Clearbeach from the Excluded Assets, and add such assets or properties to the Retained Assets;
- (b) exclude any Contract from the Excluded Contracts, and add such Contracts to the Retained Contracts; and

- (c) exclude any Liability from the Excluded Liabilities and add such Liability to the Retained Liabilities.

No change to the Purchase Price shall result from the addition of any assets, properties, Contracts or Liabilities to the Retained Contracts or Retained Liabilities pursuant to this Section 4.3.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of Clearbeach

Subject to the issuance of the Approval and Vesting Order, Clearbeach hereby represents and warrants to and in favour of the Purchaser, and acknowledges that, as of the Closing Time, the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (a) **Incorporation and Status.** Clearbeach is a corporation amalgamated and existing under the *Business Corporations Act* (Ontario), is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.
- (b) **Corporate Authorization.** The execution, delivery and performance by Clearbeach of this Agreement has been authorized by all necessary corporate action on the part of Clearbeach.
- (c) **No Conflict.** The execution, delivery and performance by Clearbeach of this Agreement do not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of Clearbeach.
- (d) **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by Clearbeach and constitutes a legal, valid and binding obligation of Clearbeach, enforceable against it in accordance with its terms subject only to the Approval and Vesting Order.
- (e) **Authorized and Issued Capital and Title to the New Common Shares.** Immediately following the Closing Time and the Consolidation and Cancellation, the Post-Consolidation Shares will constitute all of the issued and outstanding shares in the capital of Clearbeach and the Purchaser will be the sole registered and beneficial owner of the Post-Consolidation Shares, with good and valid title thereto, free and clear of all Encumbrances (other than the Permitted Encumbrances). Immediately following the Closing Time and the Consolidation and Cancellation, the Post-Consolidation Shares will be: (i) duly authorized and validly issued as fully paid and non-assessable; and (ii) there will be no issued and outstanding common shares or other securities of Clearbeach other than the Post-Consolidation Shares nor will there be any securities convertible into or options, equity-based awards or other rights, agreements or commitments that are held by any Person and which are convertible into or exchangeable for common shares or any other securities of Clearbeach.
- (f) **Residency.** Clearbeach is a "taxable Canadian corporation" for the purposes of the *Income Tax Act* (Canada).

5.2 Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to and in favour of Clearbeach, and acknowledges that, as of the Closing Time, Clearbeach is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (a) **Incorporation and Status.** The Purchaser is a corporation incorporated and existing under the *Business Corporations Act* (Ontario), is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.
- (b) **Corporate Authorization.** The execution, delivery and performance by the Purchaser of this Agreement has been authorized by all necessary corporate action on the part of the Purchaser.
- (c) **No Conflict.** The execution, delivery and performance by the Purchaser of this Agreement do not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Purchaser.
- (d) **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms subject only to the Approval and Vesting Order.
- (e) **Financial Ability.** The Purchaser will have, as of the Closing Date, (i) sufficient funds available for the purposes of satisfying the Purchase Price and any other amount due hereunder or in respect hereof; and (ii) the resources and capabilities (financial or otherwise) to perform its obligations hereunder, including the Retained Liabilities.
- (f) **Residency.** The Purchaser is a "taxable Canadian corporation" for the purposes of the *Income Tax Act* (Canada).

5.3 As is, Where is

The Purchaser acknowledges, agrees and confirms that, at the Closing Time, the New Common Shares shall be issued and delivered to the Purchaser (and the Retained Assets shall be owned by Clearbeach) on an "as is, where is" basis, subject only to the representations and warranties contained herein. Other than those representations and warranties contained herein, no representation, warranty or condition is expressed or can be implied as to title, Encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever, including with respect to the New Common Shares or the Retained Assets or the right of Clearbeach to sell or assign same.

ARTICLE 6 COVENANTS

6.1 Closing Date

Except (i) as otherwise expressly contemplated or permitted by this Agreement, (ii) as required by Applicable Law or any order of the Court or (iii) as consented to by the Purchaser (such consent not to be unreasonably withheld, conditioned or delayed), Clearbeach shall until Closing:

- (a) use its commercially reasonable efforts to remain in possession of the Retained Assets, use the Retained Assets only in the ordinary course of business and maintain, preserve and protect the Retained Assets in the condition in which they exist on the date hereof, other than ordinary wear and tear and other than replacements, dispositions, modifications or maintenance in the ordinary course of business, including by maintaining in full force and effect all material insurance policies and binders relating to the Retained Assets;
- (b) not transfer, lease, license, sell, abandon, create any Encumbrance (other than a Permitted Encumbrance) on, or otherwise dispose of any of the Retained Assets or any portion thereof or interest therein, other than in the ordinary course of business in all material respects consistent with past practice;
- (c) not amend in any material respect or in a manner outside the ordinary course of business any Contract that forms a part of the Retained Assets or waive any material provision or right thereunder or surrender, disclaim, terminate or assign any such Contract; and
- (d) operate and maintain the Retained Assets in material compliance with all Applicable Laws and any Governmental Authorizations.

6.2 Actions to Satisfy Closing Conditions

Each of the Parties shall use its commercially reasonable efforts to take or cause to be taken, all appropriate action, and do, or cause to be done all things necessary, proper or advisable under any law or otherwise to consummate and make effective, as soon as reasonably practicable and in any event prior to the Outside Date, the transactions contemplated by this Agreement and, without limiting the generality of the foregoing, each Party shall:

- (a) use its commercially reasonable efforts to take all such actions as are within its power to control and to cause other actions to be taken which are not within its power to control, so as to ensure the fulfillment of all of the conditions precedent to the other Party's obligations to consummate the transactions contemplated hereby, including the completion of the Pre-Closing Reorganization; and
- (b) not take any action, or refrain from taking any action and use commercially reasonable efforts to not permit any action to be taken or not taken, which would reasonably be expected to prevent, materially delay or otherwise impede the consummation of the transactions contemplated by this Agreement.

6.3 Insurance Matters

Until Closing, Clearbeach shall keep in full force and effect all of its existing insurance policies and give any notice or present any claim under any such insurance policies consistent with past practice in the ordinary course of business.

ARTICLE 7 CLOSING

7.1 Closing

Subject to the conditions set out in this Agreement, the completion of the Transaction shall take place at the Closing Time by electronic means due to the COVID-19 pandemic, or as otherwise determined by mutual agreement of the Parties in writing.

7.2 Post-Closing Reorganization

Subject to the terms of this Agreement and the Approval and Vesting Order, Clearbeach and the Purchaser shall effect, and shall cause to be effected, the Post-Closing Reorganization. The Purchaser and Clearbeach shall work cooperatively and use commercially reasonable efforts to prepare, before the Closing Date, all documentation necessary and do such other acts and things as are necessary to give effect to the Post-Closing Reorganization.

7.3 Clearbeach's Closing Deliveries

At or prior to the Closing Time, Clearbeach shall execute and deliver, or arrange for the delivery, as the case may be, to the Purchaser the following, each of which shall be in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) a true copy of the Approval and Vesting Order, as issued and entered by the Court;
- (b) the executed Monitor's Certificate;
- (c) share certificates representing the New Common Shares;
- (d) a certificate of an officer of Clearbeach dated as of the Closing Date confirming that all of the representations and warranties of Clearbeach contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that Clearbeach has performed in all material respects the covenants to be performed by it prior to the Closing Time; and
- (e) such other agreements, documents and instruments as may be reasonably required by the Purchaser to complete the Transaction.

7.4 Purchaser's Closing Deliveries

At or prior to the Closing Time the Purchaser shall execute and deliver, or arrange for the delivery, as the case may be, to Clearbeach (or as Clearbeach may further direct) the following, each of which shall be in form and substance satisfactory to Clearbeach, acting reasonably:

- (a) the Cash Payment in accordance with Section 3.2(a);
- (b) the Bankruptcy Costs in accordance with Section 3.2(b);
- (c) the Priority Claims Payment in accordance with Section 3.2(c);
- (d) a certificate of an officer of the Purchaser dated as of the Closing Date confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true

in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Purchaser has performed in all material respects the covenants to be performed by it prior to the Closing Time; and

- (e) such other agreements, documents and instruments as may be reasonably required by Clearbeach to complete the Transaction.

ARTICLE 8 CONDITIONS OF CLOSING

8.1 Conditions Precedent in Favour of the Purchaser and Clearbeach

The obligations of Clearbeach and the Purchaser to complete the Transaction are subject to the following conditions being fulfilled or performed:

- (a) the Approval and Vesting Order shall not have been stayed, varied in a manner adverse to Clearbeach or the Purchaser, or vacated, and no application, motion or other proceeding shall have been commenced seeking the same, which has not been fully dismissed or withdrawn or otherwise resolved in a manner satisfactory to Clearbeach and the Purchaser, each acting reasonably;
- (b) no order shall have been issued by a Governmental Authority which restrains or prohibits the completion of the Transaction; and
- (c) no motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transaction contemplated by this Agreement.

The Parties acknowledge that the foregoing conditions are for the mutual benefit of Clearbeach and the Purchaser. If the conditions set out in this Section 8.1 are not satisfied performed or mutually waived on or before the Outside Date, either Party shall have the option to terminate this Agreement upon written notice to the other Parties.

8.2 Conditions Precedent in Favour of the Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed:

- (a) **Clearbeach's Deliverables.** Clearbeach shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 7.3.
- (b) **No Breach of Representations and Warranties.** Except as such representations and warranties may be affected by the occurrence of events or transactions specifically contemplated by this Agreement, each of the representations and warranties contained in Section 5.1 shall be true and correct in all material respects (i) as of the Closing Date as if made on and as of such date, or (ii) if made as of a date specified therein, as of such date.
- (c) **No Breach of Covenants.** Clearbeach shall have performed, in all material respects, all covenants, obligations and agreements contained in this Agreement required to be performed by Clearbeach on or before the Closing.

- (d) **ResidualCo.** Pursuant to the Approval and Vesting Order, (i) ResidualCo shall have been added as an applicant in the CCAA Proceeding, (ii) all of the Excluded Assets and the Excluded Liabilities shall have been transferred to, assumed by and vested in ResidualCo or Discharged, (iii) the Excluded Liabilities shall have attached to the Excluded Assets, and (iv) Clearbeach and its business and property shall have been released and forever Discharged of all Claims and Encumbrances (other than the Permitted Encumbrances and Retained Liabilities) such that, from and after Closing the business and property of Clearbeach shall exclude the Excluded Assets and shall not be subject to any Excluded Liabilities.
- (e) **Equity Interests.** Pursuant to the Approval and Vesting Order, all issued and outstanding Equity Interests (including for greater certainty, all preferred shares) of Clearbeach other than the Existing Shares (and, for greater certainty, not including the New Common Shares to be issued to the Purchaser on Closing) shall have been terminated and cancelled without any payment or other consideration.
- (f) **Disclaim Excluded Contracts.** Clearbeach shall have sent notices of disclaimer for all such known Excluded Contracts and other agreements, and such known Excluded Contracts shall form part of the Excluded Assets.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition in this Section 8.2 may be waived by the Purchaser in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing.

8.3 Conditions Precedent in Favour of Clearbeach

The obligation of Clearbeach to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed:

- (a) **Purchaser's Deliverables.** The Purchaser shall have executed and delivered or caused to have been executed and delivered to Clearbeach at the Closing all the documents and payments contemplated in Section 7.4.
- (b) **No Breach of Representations and Warranties.** Each of the representations and warranties contained in Section 5.2 shall be true and correct in all material respects (i) as of the Closing Date as if made on and as of such date, or (ii) if made as of a date specified therein, as of such date.
- (c) **No Breach of Covenants.** The Purchaser shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchaser on or before the Closing.
- (d) **Monitor's Certificate.** The Monitor shall have provided an executed copy of the Monitor's Certificate confirming that all other conditions to Closing have either been satisfied or waived by both the Purchaser and Clearbeach.

The foregoing conditions are for the exclusive benefit of Clearbeach. Any condition in this Section 8.3 may be waived by Clearbeach in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part. Any such waiver shall be binding on Clearbeach only if made in writing.

ARTICLE 9 TERMINATION

9.1 Grounds for Termination

This Agreement may be terminated on or prior to the Closing Date:

- (a) by the mutual written agreement of the Parties; or
- (b) by either Party upon written notice to the other Party if: (i) the Approval and Vesting Order has not been obtained by the Outside Date, or (ii) the Court declines at any time to grant the Approval and Vesting Order; in each case for reasons other than a breach of this Agreement by the Party proposing to terminate the Agreement.

9.2 Effect of Termination.

If this Agreement is terminated pursuant to Section 9.1, all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability or further obligations hereunder.

ARTICLE 10 GENERAL

10.1 Access to Books and Records

For a period of two years from the Closing Date or for such longer period as may be reasonably required for ResidualCo (or any trustee in bankruptcy of the estate of ResidualCo) to comply with Applicable Law, the Purchaser shall cause Clearbeach to retain all original Books and Records. So long as any such Books and Records are retained by Clearbeach pursuant to this Agreement, ResidualCo (and any representative, agent, former director or officer of Clearbeach or trustee in bankruptcy of the estate of ResidualCo, including the Monitor) has the right to inspect and to make copies (at its own expense) of them at any time upon reasonable request during normal business hours and upon reasonable notice for any proper purpose and without undue interference to the business operations of Clearbeach.

10.2 Notice

Any notice or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service, or (iii) sent by email or other similar means of electronic communication, in each case to the applicable address set out below:

- (a) in the case of the Purchaser, as follows:

Oil Patch Services Inc
185 McEwen Street
Bothwell, ON NOP 1C0

Attention: Jennifer Lewis
Email: jlewis@lagasco.ca

with a copy to:

Harrison Pensa
Attention: Tim McCullough
Email: tmccullough@harrisonpensa.com

- (b) in the case of Clearbeach, as follows:

Clearbeach Resources Inc.
2807 Woodhull Road
London ON N6K 4S4

Attention: Jane Lowrie
Email: jlowrie@lagasco.ca

with a copy to:

Bennett Jones LLP
100 Wellington Street West, Suite 3400
Toronto, ON M5K 1K7

Attention: Richard Swan
Email: swanr@bennettjones.com

- (c) in each case, with a further copy to the Monitor as follows:

MNP Ltd.
1002-148 Fullarton Street
London, ON N6A 5P3

Attention: Rob Smith
Email: rob.smith@mnp.ca

with a copy to:

Loopstra Nixon LLP
135 Queens Plate Dr. Suite 600
Etobicoke, ON M9W 6V7

Attention: Graham Phoenix
Email: gphoenix@loonix.com

Any such notice or other communication, if transmitted by email before 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on such Business Day, and if transmitted by email after 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party.

10.3 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Parties.

10.4 Survival

All representations, warranties, covenants and agreements of the Parties made in this Agreement or any other agreement, certificate or instrument delivered pursuant to this Agreement shall not survive the Closing except where, and only to the extent that, the terms of any such covenant or agreement expressly provide for rights, duties or obligations extending after the Closing, or as otherwise expressly provided in this Agreement.

10.5 Benefit of Agreement

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

10.6 Entire Agreement

This Agreement, the attached Schedules hereto, constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior negotiations, understandings and agreements. This Agreement may not be amended or modified in any respect except by written instrument executed by all of the Parties.

10.7 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement other than the Approval and Vesting Order, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

10.8 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

10.9 Assignment by Purchaser

This Agreement may be assigned by the Purchaser prior to the issuance of the Approval and Vesting Order, without the prior written consent of Clearbeach or the Monitor, provided that such assignee is a related party or subsidiary of the Purchaser and (i) the Purchaser shall provide prior notice of such assignment to Clearbeach, (ii) such assignee shall agree to be bound by the terms of this Agreement to the extent of the assignment, and (iii) the Purchaser shall continue to be responsible for all obligations of the Purchaser hereunder notwithstanding such assignment..

10.10 Further Assurances

Each of the Parties shall, at the request and expense of the requesting Party, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such conveyances,

transfers, documents and further assurances as may be reasonably necessary or desirable to give effect to this Agreement.

10.11 Counterparts

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

10.12 Severability

Notwithstanding any provision herein, if a condition to complete the Transaction, or a covenant or an agreement herein is prohibited or unenforceable pursuant to Applicable Law, then such condition, covenant or agreement shall be ineffective to the extent of such prohibition or unenforceability without invalidating the other provisions hereof.

10.13 Monitor's Certificate

The Parties acknowledge and agree that the Monitor shall be entitled to deliver to the Purchaser, and file with the Court, an executed Monitor's Certificate without independent investigation, upon receiving written confirmation from both Parties (or the applicable Party's counsel) that all conditions of Closing in favour of such Party have been satisfied or waived, and the Monitor shall have no Liability to the Parties in connection therewith. The Parties further acknowledge and agree that upon written confirmation from both Parties that all conditions of Closing in favour of such Party have been satisfied or waived, the Monitor may deliver the executed Monitor's Certificate to the Purchaser's counsel in escrow, with the sole condition of its release from escrow being the Monitor's written confirmation that all such funds have been received. Upon such confirmation being given, the Monitor's Certificate will be released from escrow to the Purchaser, and the Closing shall be deemed to have occurred.

10.14 No Liability

In addition to all of the protections granted to the Monitor under the CCAA or any Order of the Court in this CCAA Proceeding, Clearbeach and the Purchaser acknowledge and agree that the Monitor, acting in its capacity as Monitor of Clearbeach and not in its personal capacity, will have no Liability, in its personal capacity or otherwise, in connection with this Agreement or the Transaction contemplated herein whatsoever as Monitor.

[The remainder of this page has been left intentionally blank]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

OIL PATCH SERVICES INC.

Per: _____
Name:
Title:

I have authority to bind the corporation

CLEARBEACH RESOURCES INC.

Per: _____
Name:
Title:

I have authority to bind the corporation

SCHEDULE "A"
REORGANIZATION

Pre-Closing Reorganization

Prior to the Closing Date, ResidualCo shall be incorporated by Forbes Resources Corp. with nominal consideration for common shares and shall be added to the CCAA Proceeding as an Applicant, but taking no other steps or actions in respect thereof.

The following steps shall occur prior to Closing on the Closing Date, in the following sequence:

1. The Excluded Assets and the Excluded Liabilities shall be transferred to, assumed by and vest in ResidualCo pursuant to the Approval and Vesting Order.
2. Any and all Equity Interests of Clearbeach (including the preferred shares of Clearbeach) other than the common shares of Clearbeach shall be cancelled and extinguished without any Liability, payment or other compensation in respect thereof and all equity claims shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred without any Liability, payment or other compensation in respect thereof, pursuant to the Approval and Vesting Order.

Post-Closing Reorganization

The following steps shall occur immediately following Closing on the Closing Date, in the following sequence, pursuant to the Approval and Vesting Order:

1. Clearbeach's Articles shall be amended to, among other things (i) consolidate the issued and outstanding common shares in the capital of Clearbeach (consisting of the New Common Shares and the Existing Shares) on the basis of the Consolidation Ratio, such that each issued and outstanding common share immediately prior to such consolidation shall be consolidated into and become, immediately following such consolidation, a number of common shares equal to the Consolidation Ratio when expressed as a fraction; and (ii) provide for such additional changes to the rights and conditions attached to the common shares of Clearbeach as may be requested by the Purchaser, in its sole and unfettered discretion.
2. The Purchaser shall purchase and acquire the fractional common share resulting from the consolidation of the Existing Shares, being 0.0001 common shares, from the holder thereof for a purchase price of \$0.01.
3. Any fractional common shares of Clearbeach held by any holder of such shares immediately following the consolidation of such shares and the share transfer described in the immediately preceding Step 2 shall be cancelled without any Liability, payment or other compensation in respect thereof, and the Articles shall be altered as necessary to achieve such cancellation.

SCHEDULE "B"
EXCLUDED CONTRACTS

The following is a list of Excluded Contracts:

1. Gross Overriding Royalty Agreement dated November 16, 2018 between Clearbeach Resources Inc. and Crich Holdings and Buildings Limited registered as Instruments Numbered LA223351 and CK161214.
2. Memorandum of Agreement dated September 24, 2018 between Brookwood Resources Inc., Clearbeach Resources Inc., Crich Holdings and Buildings Limited, Dicitur Holdings Limited, Forbes Resources Corp., Lagasco Inc., Jane Lowrie, Terra Drilling Inc. and Peter Budd.
3. Supplemental Memorandum of Agreement dated November 16, 2018 between Crich Holdings and Buildings Limited, Dicitur Holdings Limited, Lagasco Inc., Forbes Resources Corp., Clearbeach Resources Inc., Brookwood Resources Inc., Terra Drilling Inc., Jane Lowrie, Peter Budd, Limberlost Wind Corp., Ferndale Power Corp., Jennifer Nisker, Scott Lewis, Heather Gilpin and Sarah Coulthard.
4. Share Purchase Agreement dated September 26, 2018 between Crich Holdings and Buildings Limited and Clearbeach Resources Inc.
5. Loan Agreement dated November 7, 2018 between Clearbeach Resources Inc. and Lagasco Inc.
6. Share Pledge Agreement (undated) between Clearbeach Resources Inc., Brookwood Resources Inc., Crich Holdings and Buildings Limited and Dicitur Holdings Limited.
7. Guarantee Acknowledgement and Amendment to Crich Holdings and Buildings Limited and Dicitur Holdings Limited from Clearbeach Resources Inc., Brookwood Resources Inc., Forbes Resource Corp. and Lagasco Inc., as guarantors.
8. Guarantee dated September 26, 2018 by Clearbeach Resources Inc., Brookwood Resources Inc., Forbes Resources Corp. and Lagasco Inc., as guarantors.
9. General Security Agreement dated November 16, 2018 between Crich Holdings and Buildings Limited and Clearbeach Resources Inc.
10. Promissory Note to Crich Holdings and Buildings Limited from Clearbeach Resources Inc. for the principal amount of \$1,400,000.
11. Assignment of Loan Agreement dated November 16, 2018 between Clearbeach Resources Inc. and Crich Holdings and Buildings Limited.
12. Irrevocable Undertaking dated November 16, 2018 to Crich Holdings and Buildings Limited signed by Clearbeach Resources Inc. and ON-Energy Corp.
13. Unregistered Gross Overriding Royalty Agreement held by Hamilton Geological Services on well licenses T011557, T011190, T011191, T009857, T009888, T010020, T011540, T011532, T011595, T008931, T009860, T009873, T009889, T009936, T010000, T010050, T010049, T011549, T010176, T010612, T010685, T011105, T010691, T009691 and the South Rodney Unit.

14. Unregistered Gross Overriding Royalty Agreement held by Eugenie Gaiswinkler on well licenses T004185, T005740, T005741, T004614, T004525, T004527, T004592, T004601, T004608, T004182, T009857, T009888, T003300, T003299, T003370, T003383, T003390, T003396, T003520, T003699, T003755, T003742, T003704, T003709, T003703, T003754, T003711, T003743, T004591, T004598, T004511, T004512, T004515, T004517, T004521, T004523, T004599, T004147, T004142, T004144, T004613, T002545, T004546, T004568, T004587, T004588, T004609, T004607, T009860, T009311, Willey Cambrian Unit No. 1 (being T001798, T002002, T002003, T002572, T002594, T007684 and T012032) and Rodney Unit #3.
15. Unregistered Gross Overriding Royalty Agreement held by W. Stewart McKeough on wells in the Willey Cambrian Unit No. 1 being T001798, T002002, T002003, T002572, T002594, T007684 and T012032.
16. Unregistered Gross Overriding Royalty Agreement held by Metalore Resources Inc. on well licenses T003300, T003299, T003370, T003383, T003390, T003396, T003520 and T002545.
17. Unregistered Gross Overriding Royalty Agreement held by Delesalle Holdings Ltd. on well licenses T007901, T008182, T008295 and T008825.
18. Unregistered Gross Overriding Royalty Agreement held by Dell Exploration on well licenses T007901, T008182, T008295 and T008825.
19. Unregistered Gross Overriding Royalty Agreement held by Jay Resources on well licenses T007901, T008182, T008295 and T008825.
20. Unregistered Gross Overriding Royalty Agreement held by MCA Resources Ltd. on well licenses T007901, T008182, T008295 and T008825.
21. Unregistered Gross Overriding Royalty Agreement held by Brookwood Resources Inc. on well licenses T008534, T008545, T008560, T007945 and T009468.
22. Unregistered Gross Overriding Royalty Agreement held by Lowrie Holdings Inc. on well licenses T009468 and T007246.
23. Unregistered Gross Overriding Royalty Agreement held by Beja Holdings Limited on well license number T007945.
24. Unregistered Gross Overriding Royalty Agreement held by Ed Welychka on well license number T008657.
25. Unregistered Gross Overriding Royalty Agreement held by Rocco Megaro on well license numbers T008534, T008545 and T008560.
26. Unregistered Gross Overriding Royalty Agreement held by Brett Holdings on well license numbers T008534, T007945 and T009468.
27. Unregistered Gross Overriding Royalty Agreement held by Clearbeach Resources Inc. on well license numbers T008534, T008545, T008560 and T0088225.

SCHEDULE "C"
RETAINED CONTRACTS

The following is a non-exhaustive list of the Retained Contracts:

1. Ontario Production Gas Purchase Agreement dated June 1, 1991 between Clearbeach Resources Inc. and Union Gas Limited.
2. Oil Division Contract and Payment Direction dated October 15, 2018 between Marcus Terminals Inc. and Clearbeach Resources Inc., Contract No: 1175, Well License No: 2080.
3. All joint venture agreements to which Clearbeach is a party.
4. All Contracts forming part of the Pace Loan and Pace Security to which Clearbeach is a party.
5. All leases, surface agreements, easements granted pursuant to a Contract and gas storage leases required to produce the wells.

SCHEDULE "D"
MNRF LICENSES

Lic	Name	TWP	Lot	Con	Status
T001639	Source Well (854) 9-5-1	Sombra	9	5	SOURCE
T007875	Torgary et al No. 4	Sombra	4	5	OP
T008588	Imperial Oil 254 - Becher 67 Jarvis 1	Sombra	4	5	OP
T008593	Imperial Oil 151 - Becher 29 - DeWeyn 1	Sombra	6	5	OP
T008595	Imperial Oil 245 - Becher 60 - Flynn 2	Sombra	7	5	OP
T008596	Imperial Oil 253 - Becher 66 - DeKort 7	Sombra	7	5	OP
T008597	Imperial Oil 92 - Becher 8 - Johnston 1	Sombra	8	5	OP
T008599	Imperial Oil 188 - Becher 35 - Griffith 2	Sombra	8	6	GP
T008603	Imperial Oil 215 - Becher 50 - Johnson 4	Sombra	9	6	OP
T008604	Imperial Oil 190 - Becher 36 - Johnston	Sombra	9	6	OP
T008609	Imperial Oil 219 - Becher 52 A. Hay	Sombra	10	6	OP
T008611	Imperial Oil 109 - Becher 16 - G.H. Reid 1	Sombra	11	6	GP
T008613	Imperial Oil 83 - Becher 6 - R. Clark 1	Sombra	12	6	GP
T008614	Imperial Oil 198 - Becher 39 - Gibbons 1	Sombra	12	7	GP
T008616	Imperial Oil 287 - Becher 70 - Deyo 1	Sombra	14	7	GP

T008617	Imperial Oil 454 - Becher 73 - Tulloch 1	Sombra	15	6	GP
T008620	Imperial Oil 140 - Becher 28 - VanDamme 1	Sombra	12	5	GP
T010145	Clearbeach et al #6 Sombra 7-4-V	Sombra	4	5	OP
T010621	Clearbeach Disposal #1 Sombra 3-9-V	Sombra	9	5	BD
T011476	Clearbeach et al #36 Sombra 4-3-V	Sombra	3	5	OP
T008592	Imperial Oil 246 - Becher 61 - Sheller 2	Sombra	5	5	OP
T002506	Sydney Earl Brooke 1-5-XI	Brooke	5	11	OP
T002605	Sydney Earl Brooke 2-5-XI	Brooke	5	11	OP
T002692	Big Dipper Brooke 3-5-XI	Brooke	5	11	OP
T003536	Cameron Midvale Brooke 8-5-XII	Brooke	5	12	OP
T004621	Forbes 12 Brooke 7-6-XII	Brooke	6	21	OP
T008406	Clearwood Chatham 2-23-VII	Chatham	23	7	GP
T000930	Tobacco Road No. 4, McColl #3	Orford	56	STR	GP
T001303	Imperial 808, Clearville #1	Orford	55	NTR	OP
T001343	Imperial 827, Mills #2	Orford	54	NTR	OP
T001610	Imperial 841 - McBrien #3 (Clearville #8)	Orford	53	NTR	OP
T001616	Imperial 845, E Hillman #1	Orford	55	NTR	OP
T001622	Imperial 848 Clearville #10	Orford	54	NTR	OP
T011362	Clearbeach et al #35 Orford 3-55-NTR	Orford	55	NTR	OP
T008534	Clearwood et al 5 Blenheim 1-16-VII	Blenheim	16	7	GP
T008545	Clearwood et al 6 Blenheim 4-17-VII	Blenheim	17	7	GP

T008560	Clearwood et al 7 Blenheim 4-19-VIII	Blenheim	19	8	GP
T005422	Consumers-Wiser 33160	Dunwich	7	ABF	GP
T006011	Huskey Dawn 3-28-II	Dawn	28	2	OP
T006733	Forbes 36 Dawn 5-29-II	Dawn	29	2	OP
T006806	Union Dawn 6-28-II	Dawn	28	2	OP
T006835	Forbes 20 Dawn 1-28-II	Dawn	28	2	OP
T004914	Forbes 17 Dawn 7-13-X	Dawn	13	10	OPGP
T007598	Judo 1 Romney 4-8-II	Romney	8	2	OPGP
T007945	Judo 10 Romney 2-215-II	Romney	215	2	OP
T009468	Forbes (Horiz#1) Romney 6-1-I	Romney	11	I	OP
T010690	VRI # 1 (Horiz #1) Romney 2-23-V	Romney	23	5	BD
T008455	Clearwood Gosfield South 3-K-III	Gos S.	K	3	OP
T008494	Clearwood Gosfield South 2-24-V	Gos. S.	24	5	OP
T008724	Clearwood 14 Gosfield South 4-24-V	Gos. S.	24	5	OP
T003529	Brady Ark Stephen No.3	Stephen	22	15	GP
T007441	Orford Res et al Hay 5-12-XV	Hay	12	15	GP
T008657	Clearwood 12 Tuckersmith 2-30-3SHR	Tuckersmith	30	3SHR	GP
T009249	Tribute et al # 19 Stephen 3-5-XIX	Stephen	5	19	GP
T009602	Tribute et al # 26 Hay 2-11-XVI	Hay	11	16	GP
T010097	Tribute et al # 28 Stephen 3-22-XV	Stephen	22	15	GP
T012101	Clearbeach et al #40	Dunwich	24	A	OP
T012124	Clearbeach et al #41	Dunwich	24	A	OPGP
T012148	Clearbeach et al #42	Dunwich	6	A-A	OP
T012152	Clearbeach et al #43	Dunwich	A	A	BD

T012157	Clearbeach et al #44	Dunwich	A	VSA	OP
T012274	Clearbeach et al #45	Dunwich	A	A	OSGS
T007482	Sungold No. 1 Moore 5-50-Front	Moore	50	Front	GP
T007583	Sungold No. 2 Moore 5-52-Front	Moore	52	Front	GP
T007848	Sungold No. 4 Moore 4-51-Front	Moore	51	Front	GP
T007901	Judo Tundra	Aldbrough	Z	2	GP
T008182	Judo Tundra	Dunwich	1	1	GP
T008295	Tundra #3	Dunwich	2	1	GP
T008825	Clearbeach 4 Aldborough 7-Z-I	Albourough	Z	1	GP
T007013	Twin Star # 2 Camden Gore 6-10-X	Camden Gore	10	9	GP
T007428	Twin Star #4 Camden Gore 6-8-X	Camden Gore	8	10	GP
T007498	Twin Star #6 Camden Gore 2-10-X	Camden Gore	10	9	GP
T007509	Cam Dawn No. 2 Camden Gore 6-9-X	Camden Gore	9	10	OPGP
T010047	Imperial 399 - Warwick #1	Warwick	12	3 SER	OP
T001798	I.O.E (Gully)	Dunwich	23	3	OP
T002002	Imperial-Bluewater (Henderson)	Dunwich	22	2	OP
T002003	Imperial-Bluewater (Battery)	Dunwich	23	2	OP
T002572	I.O.E. Atlas (South)	Dunwich	23	4	OP
T002594	I.O.E.L. Dunwich 1-24-Gore	Dunwich	24	Gore	OP
T007246	Judo Dunwich 8-22-BFA	Dunwich	22	BFA	OP
T007684	Judo 6	Dunwich	23	BFA	OP
T012032	Clearbeach et al #38	Dunwich	23	IV	OP
T006437	Ram/Rowe No. 4	Dover	6	IV E	OPGP
T007207	PPC 10	Dover	6	III E	GP
T007215	PPC 12	Dover	6	IV E	OPGP

T007289	PPC/Ram 13	Dover	3	IV E	OPGP
T007240	PPC et al 15	Dover	5	IV E	OPGP
T007220	PPC 16	Dover	5	IV E	OPGP
T007619	PPC/Ram 19	Dover	7	III E	OPGP
T007321	PPC/Ram 20	Dover	7	III E	GP
T007714	PPC/Ram 22	Dover	1	V E	GP
T007641	PPC/Ram 23	Dover	2	V E	GP
T007387	PPC/Ram 25	Dover	4	IV E	OPGP
T007527	PPC/Ram 26	Dover	4	IV E	OPGP
T007793	PPC/Ram 29	Dover	4	IV E	GP
T007802	PPC/Ram 31	Dover	6	IV E	INJ
T007857	PPC/Ram 41	Dover	6	IV E	GP
T010748	Prairie Gas & Oil Co. No. 5-V Duphette	Dover	2	IV E	OPGP
T010665	VRI # 5	Dover	6	IV E	OPGP
T008482	R.E.C. # 8, Aldborough, 8-Gore- IIIED	Aldborough	Gore	III- ED	GP
T010480	R.E.C. # 11, Alborough, I-21-IV	Aldborough	21	IV	GP
T010511	R.E.C. # 13, Aldborough, 6-23-IV	Aldborough	23	IV	GP
T10610	R.E.C. # 16, Aldborough, 6-Gore- IV	Aldborough	Gore	IV	GP
T10611	R.E.C. # 17, Aldborough, 8-24-IV	Aldborough	24	IV	GP
T11759	R.E.C. # 27, Aldborough, 2-24- IVED	Aldborough	24	IV- ED	GP
T11816	R.E.C. # 28, Aldborough, 5-24- IIIED	Aldborough	24	III- ED	GP
T11875	R.E.C. # 29, Aldborough, 5-24- IIIED	Aldborough	24	III- ED	GP

T001499	R & R Unit # 102	Aldborough		GO	BD
T002517	Explorer D	South Walsingham	4	I	GP
T002545	Roberts & Sagadahoc No. 40	Charlottesville	5	X	GP
T003299	Beacon No. 2	Charlottesville	6	X	GP
T003300	Beacon No. 1	Charlottesville	8	IX	GP
T003370	Beacon No. 3	Charlottesville	11	X	GP
T003383	Beacon No. 5	Charlottesville	10	IX	GP
T003390	Beacon No. 6	Charlottesville	12	IX	GP
T003396	Beacon No. 7	Charlottesville	9	IX	GP
T003520	Beacon No. 8	Charlottesville	11	IX	GP
T003699	Craven #1	Charlottesville	16	VIII	GP
T003703	Craven #9	Charlottesville	23	VII	GP
T003704	Craven #6	Charlottesville	23	IX	GP
T003709	Craven #7	Charlottesville	23	VIII	GP
T003711	Craven # 11	Charlottesville	21	IX	GP
T003742	Craven #4	Charlottesville	20	VIII	GP
T003743	Craven #12	Charlottesville	22	VIII	GP
T003754	Craven # 10	Charlottesville	21	VII	GP
T003755	Craven #2	Charlottesville	16	IX	GP
T003921	Explorer A	South Walsingham	4	I	GP
T004142	Craven Union 4	Charlottesville	23	VI	GP
T004144	Craven Union 6	Windham	6	XIV	GP
T004147	Craven Union 3	Charlottesville	19	VII	GP
T004182	Craven Union 8	North Walsingham	13	VIII	GP
T004185	Craven Union 12	Charlottesville	1	III	GP

T004511	Craven Tag #2	Charlotteville	21	VIII	GP
T004512	Craven Tag #3	Charlotteville	16	IX	GP
T004515	Craven Tag #4	Charlotteville	20	IX	GP
T004517	Craven Tag #5	Charlotteville	22	VII	GP
T004521	Craven Tag #6	Charlotteville	17	VIII	GP
T004523	Craven Tag #7	Charlotteville	22	IX	GP
T004525	Craven Tag #8	North Walsingham	12	VIII	GP
T004527	Craven Tag #9	North Walsingham	13	IX	GP
T004546	Craven Tag #10	North Walsingham	12	VII	GP
T004568	Craven Tag #13	South Walsingham	13	VI	GP
T004587	Craven Tag #15	North Walsingham	7	VII	GP
T004588	Craven Tag #16	North Walsingham	9	IX	GP
T004591	Craven Tag #17	Charlotteville	22	VII	GP
T004592	Craven Tag #19	North Walsingham	13	X	GP
T004598	Craven Tag #18	Charlotteville	24	VI	GP
T004599	Craven Tag #22	Charlotteville	21	VII	GP
T004601	Craven Tag #21	North Walsingham	14	X	GP
T004607	Craven Tag #25	North Walsingham	8	XII	GP
T004608	Craven Tag #24	North Walsingham	15	X	GP
T004609	Craven Tag #23	North Walsingham	16	X	GP
T004613	Craven F-1	Charlotteville	21	X	GP
T004614	Craven F-2	North Walsingham	13	VII	GP
T004679	Consumers 32810	North Walsingham	13	VIII	GP
T004872	Consumers 32901	South Walsingham	15	VIII	GP
T004877	Consumers 32900	North Walsingham	12	VIII	GP

T004878	Consumers 32904	North Walsingham	4	XI	GP
T004891	Consumers 32910	South Walsingham	3	III	GP
T005568	Explorer #3	South Walsingham	3	I	GP
T005569	Explorer #8	South Walsingham	3	I	GP
T005571	Explorer #7	South Walsingham	6	I	GP
T005615	Explorer #2	South Walsingham	4	II	GP
T005651	Explorer #9	South Walsingham	2	II	GP
T005740	Explorer #1	South Walsingham	3	II	GP
T005741	Explorer #5	South Walsingham	4	II	GP
T006128	Explorer #10	South Walsingham	6	I	GP
T006129	Explorer #4	South Walsingham	3	A	GP
T006619	Beachlane 02-13-01	Houghton	13	I	GP
T006667	Hemlock 10 01-08-W N RD	Houghton	8	W N RD	GP
T006731	Beachlane 02-14-01	Houghton	14	I	GP
T007468	Hemlock 13 08-0-E N RD	Houghton	7	E N RD	GP
T008302	Hemlock 15 04-07-W N RD	Houghton	7	W N RD	GP
T008671	GGOL #1	South Walsingham	6	VI	GP
T008812	GGOL #10	South Walsingham	5	V	GP
T008930	GGOL #5	South Walsingham	5	VI	GP
T008931	GGOL #11	South Walsingham	7	VI	GP
T008961	GGOL #13	Aldborough	D	VII	OP
T009150	GGOL #20	Aldborough	D	VII	OP
T009281	F. Downie No. 26	Aldborough	2	2-GO	OP
T009283	F. Downie No. 7	Aldborough	6	2-GO	INJ

T009284	F. Downie No. 51	Aldbrough	4	1-GO	INJ
T009285	F. Downie No. 46	Aldbrough	1	1-GO	OP
T009286	F. Downie No. 47	Aldbrough	4	1-GO	OP
T009288	F. Downie No. 28	Aldbrough	1	1-GO	OP
T009289	F. Downie No. 15	Aldbrough	4	1-GO	OP
T009290	F. Downie No. 17	Aldbrough	4	1-GO	INJ
T009291	F. Downie No. 18	Aldbrough	1	1-GO	INJ
T009293	F. Downie No. 23	Aldbrough	4	1-GO	OP
T009294	F. Downie No. 24	Aldbrough	4	1-GO	OP
T009295	F. Downie No. 27	Aldbrough	3	1-GO	OP
T009296	F. Downie No. 29	Aldbrough	4	1-GO	OP
T009298	F. Downie No. 35	Aldbrough	3	1-GO	OP
T009300	F. Downie No. 42	Aldbrough	3	1-GO	OP
T009304	F. Downie No. 32	Aldbrough	2	2-GO	OP
T009309	G. McColl No. 4	Aldbrough	7	4	INJ
T009310	F. Downie No. 59	Aldbrough	7	5-VI	INJ
T009311	G. McColl No. 2	Aldbrough	8	4-V	INJ
T009312	G. McColl No. 3	Aldbrough	7	4-V	INJ
T009313	F. Downie No. 12	Aldbrough	7	4-VI	OP
T009314	F. Downie No. 4	Aldbrough	4	4-VI	OP
T009315	G. McColl No. 1	Aldbrough	5	4-V	INJ
T009316	F. Downie No. 58	Aldbrough	8	4-VI	INJ
T009317	F. Downie No. 9	Aldbrough	8	4-VI	OP
T009318	F. Downie No. 1	Aldbrough	4	4-VI	INJ
T009319	J. Fleming No. 13	Aldbrough	8	3-VI	INJ

T009320	J. Fleming No. 12	Aldbrough	7	3-VI	INJ
T009321	J. Fleming No. 11	Aldbrough	4	3-VI	INJ
T009322	J. Fleming No. 10	Aldbrough	4	3-VI	INJ
T009323	J. Fleming No. 7	Aldbrough	4	3-VI	OP
T009324	J. Fleming No. 6	Aldbrough	4	3-VI	OP
T009325	J. Fleming No. 5	Aldbrough	4	3-VI	OP
T009326	J. Fleming No. 4	Aldbrough	4	3-VI	OP
T009327	P. Schleihauf No. 2	Aldbrough	2	2-VI	INJ
T009328	J. Fleming No. 9	Aldbrough	3	3-VI	INJ
T009329	A. McCallum No. 4	Aldbrough		VII	INJ
T009330	A. McCallum No. 5	Aldbrough	2	1-VII	INJ
T009331	A. McCallum No. 2	Aldbrough	2	1-VII	INJ
T009332	A. McCallum No. 1	Aldbrough	2	1-VII	OP
T009333	A. McCallum No. 3	Aldbrough	1	1-VII	OP
T009334	J.M. Campbell	Aldbrough	1	1-V11	INJ
T009335	H. McCallum No. 1	Aldbrough	1	VII	OP
T009337	F. Downie No. 57	Aldbrough	1	2-GO	INJ
T009338	F. Downie No. 55	Aldbrough	1	2-GO	INJ
T009340	F. Downie No. 8	Aldbrough	1	2-GO	OP
T009343	F. Downie No. 52	Aldbrough	3	2-GO	OP
T009490	GGOL #29	Aldbrough	D	VII	OP
T009548	GGOL Hz.#1	Aldbrough	C	VII	OP
T009857	GGOL #33	North Walsingham	12	IX	GP
T009860	GGOL #35	North Walsingham	7	VII	GP
T009873	GGOL #37	Houghton	15	II	GP

T009888	GGOL #38	North Walsingham	12	X	GP
T009889	GGOL #39	Houghton	16	II	GP
T009936	GGOL #40	Houghton	20	I	GP
T010000	GGOL #42	North Walsingham	6	IX	GP
T010020	GGOL #45	North Walsingham	12	X	GP
T010049	GGOL #47	Houghton	13	II	GP
T010050	GGOL #44	Houghton	3	VII	GP
T010139	GGOL #58	North Walsingham	6	VII	GP
T010176	GGOL #53	Houghton	20	ENR	GP
T010394	Hemlock 18 02-03-W N RD	Houghton	3	W N RD	GP
T010400	Hemlock 19 04-03-W N RD	Houghton	3	W N RD	GP
T010612	GGOL #55	Houghton	137	NTR	OPGP
T010674	GGOL#57	Aldborough	C	VIII	OP
T010675	GGOL#26	Aldborough	C	VII	OP
T010676	GGOL#24	Aldborough	C	VII	OP
T010678	GGOL#30	Aldborough	D	VII	OP
T010685	GGOL #60	Houghton	15	III	GP
T010691	GGOL HURON #3	Houghton	138	STR	GP
T011105	GGOL #66	North Walsingham	8	VII	OPGP
T011191	GGOL #68	Blandford	4	XIV	GP
T011477	F. Downie No. 5	Aldborough	4	VI	OP
T011532	WEE-GGOL #5	Aldborough	C	VII	INJ
T011537	WEE-GGOL #6	Aldborough	C	VII	INJ
T011538	WEE-GGOL #4	Aldborough	D	VII	INJ

T011539	WEE-GGOL #2	Aldborough	D	VII	INJ
T011540	WEE-GGOL #1	Aldborough	D	VII	INJ
T011549	GGOL #50	Houghton	11	II	GP
T011556	WEE-GGOL #3	Aldborough	C	VII	INJ
T011557	GGOL #71	Tilbury West	1	XIV	OP
T011592	WEE-GGOL #9(HZ #1)	Aldborough	D	VII	OP
T011593	WEE-GGOL #8	Aldborough	D	VII	INJ
T011594	WEE-GGOL #7	Aldborough	D	VII	INJ
T011595	WEE-GGOL #10(HZ #1)	Aldborough	D	VII	OP
T011777	GGOL # 73	Aldborough	1	VII	OP
T011778	GGOL # 78	Aldborough	1	V1	OP
T011780	GGOL # 75	Aldborough	2	VII	OP
T011781	GGOL # 77	Aldborough	4	V1	OP
T011782	GGOL # 74	Aldborough	1	VII	OP
T011821	GGOL # 76	Aldborough	2	VII	OP
T011933	GGOL # 81	Aldborough	5	VI	OP
T011935	GGOL # 83	Aldborough	5	VI	OP
T011938	GGOL # 80	Aldborough	5	VI	OP
T011940	GGOL # 82	Aldborough	5	VI	OP
T003701 A	Craven #8	Charlotteville	22	VII	GP
T004874 A	Consumers 32903A	North Walsingham	9	VIII	GP
T003311	Shawnee Plains	Houghton	1	ENR	GP
T003919	Shawnee IMR	Houghton	1	WNR	GP
T007415	Ansell Lake Res et al #1, Hay 3-23- XI	Hay	23	XI	GP

T009850	Echo 1	Bayham	19	II	OPGP
T009851	Echo 2	Bayham	18	II	GP
T009852	Echo 3	Bayham	17	II	GP
T009853	Echo 4	Bayham	21	II	GP
T009854	Echo 5	Bayham	16	I	GP
T009855	Echo 6	Bayham	20	I	GP
T010064	Echo 8	Bayham	24	I	GP
T010065	Echo 9	Bayham	24	II	GP
T010131	Echo 10	Bayham	27	III	GP
T010254	Echo 12	Bayham	26	II	OPGP
T010401	Echo 13	Bayham	28	I	GP
T010404	Echo 15	Bayham	23	III	GP
T010405	Echo 14	Bayham	25	III	GP
T010410	Pifher 2	Houghton	3	WNR	GP
T010455	Pifher 5	Houghton	2	I	GP
T010464	Pifher 6	Houghton	6	I	GP
T010476	Pifher 3	Houghton	3	ENR	GP
T010490	Pifher 8	Houghton	9	I	GP
T010493	Echo 18	Bayham	18	IV	GP
T010497	Echo 16	Bayham	24	IV	GP
T010498	Pifher 9	Houghton	5	WNR	GP
T010499	Pifher 10	Houghton	7	WNR	GP
T010500	Echo 20	Bayham	26	V	GP
T010501	Echo 19	Bayham	28	V	GP
T010512	Echo 21	Bayham	22	V	GP

T010514	Echo 24	Bayham	24	SG	GP
T010515	Echo 23	Bayham	27	SG	GP
T010516	Echo 22	Bayham	15	V	GP
T010524	Pifher 13	Houghton	14	WNR	GP
T010528	Pifher 11	Houghton	11	I	GP
T010532	Pifher 14	Houghton	16	WNR	GP
T010550	Echo 27	Bayham	130	STR	OPGP
T010561	Echo 28	Bayham	20	V	GP
T010568	Echo 31	Bayham	11	IV	GP
T010569	Echo 29	Bayham	17	V	GP
T010592	Echo 36	Bayham	11	III	GP
T010593	Echo 33	Bayham	18	SG	GP
T010607	Pifher 15	Houghton	4	WNR	GP
T010608	Pifher 16	Houghton	16	I	GP
T010625	Echo 34	Bayham	133	STR	OPGP
T010626	Pifher 17	Houghton	5	LRC N	GP
T010627	Echo 37	Bayham	135	STR	OPGP
T010630	Pifher 18	Houghton	17	WNR	GP
T010640	Echo 40	Bayham	125	STR	GP
T010641	Echo 38	Bayham	119	STR	GP
T010642	Echo 39	Bayham	121	STR	GP
T010671	Echo 46	Bayham	8	III	GP
T010672	Echo 43	Bayham	7	V	GP
T010695	Echo 47	Bayham	3	II	GP
T010702	Echo 51	Bayham	119	STR	GP

T010704	Echo 50	Bayham	4	III	GP
T011453	Leader No. 4	North Walsingham	10	IX	GP
T011455	Leader No. 3	North Walsingham	10	X	GP
T011456	Leader No. 2	North Walsingham	6	IX	GP
T011474	Leader No. 10	North Walsingham	2	VII	GP
T011509	Leader No. 8	North Walsingham	1	VII	GP
T011528	Leader No. 12	Houghton	1	X	GP
T011534	Leader No. 11	North Walsingham	13	XI	GP
T011620	Echo 52	Bayham	3	II	GP
T011622	Echo 59	Bayham	1	I	GP
T011709	Echo 60	Bayham	7	V	GP
T011710	Echo 61	Bayham	8	V	GP
T008904	Union No. 21 Camden Gore Webster No.1, Camden 5-VIIIGC	Camden	5	VIII	GP
T008905	Union #7 Camden Gore Camden 6- 5-XGC	Camden	6	X	GP
T008906	Union #13 Camden Gore Dunlop #1 Camden 1-4-VIIIGC	Camden	4	VII	GP
T008907	Union #18 Camden Gore Dunlop #2 Camden 6-3-VIIIGC	Camden	3	VII	GP
T008908	Union#136 Camden Gore #16 Camden 7-3-VIIIGC	Camden	3	VIII	GP
T009001	Union No.19 - Holmes No.1, Camden 3-4-VIIIGC	Camden	4	VIII	GP
T009002	Union #117 Camden Gore #6 Camden 2-6-XGC	Camden	6	X	GP
T009393	Union # 22 A Tiffen #1 Camden 3- 6-XG	Camden	6	X	GP
T009396	Union #107 Camden Gore #2 Camden 6-6-XI	Camden	6	XI	GP

T008779	Lagasco Chatham #1	Chatham	18	IX	GP
T008901	Union Chatham #14 Chatham 8-8-XIII	Chatham	8	XIII	GP
T008992	Union Chatham #39 Chatham 5-17-X	Chatham	17	X	GP
T008993	Union Chatham 70	Chatham	8	XIII	GP
T008994	Union Chatham #75 Ewing #1 Chatham 2-8-XII	Chatham	8	XIII	GP
T002080	Union Dawn #237	Dawn	27	III	OP
T008864	Union Gas Dawn #67 Dawn 7-24-IX	Dawn	24	IX	GP
T008865	Union Gas Dawn #19 Dawn 3-24-VII	Dawn	24	VII	GP
T008910	Union Gas Dawn #14 Dawn 7-24-IX	Dawn	24	IX	GP
T008911	Union Gas Dawn #13 Dawn 6-24-IX	Dawn	24	IX	GP
T008912	Union Gas Dawn #18 Dawn 3-24-VIII	Dawn	24	VIII	GP
T008914	Union Gas Dawn #69 Dawn 3-24-V	Dawn	24	V	GP
T008990	Union Gas Dawn #116 Dawn 7-24-VI	Dawn	24	VI	GP
T008997	Union Gas Dawn #1 Dawn 2-24-VII	Dawn	24	VII	GP
T009010	Union Gas Dawn #74 Dawn 1-24-VIII	Dawn	24	VIII	GP
T007941	Union Mosald #20 Dunwich 3-1-II	Dunwich	1	II	GP
T008231	REC 2 Dunwich 6-11-1	Dunwich	1	II	GP
T008585	Lag #8 Aldborough 5-Z-II	Aldborough	Z	III	GP
T008586	Lag #9 Aldborough 5-24-II	Aldborough	24	II	GP

T008919	Union Gas Mosald No.30 - A. & M. McWilliams	Dunwich	18	III	GP
T008920	Union Gas Mosald #32 Dunwich 2-19-III	Dunwich	19	III	GP
T008998	Union Gas Mosald #16 Dunwich 7-5-I	Dunwich	5	I	GP
T009005	Union Gas Mosald #53 Aldborough 4-Z-AED	Aldborough	Z	AED	GP
T009006	Union Gas Mosald #19 Aldborough 7-Z-II	Aldborough	Z	II	GP
T009007	Union Gas Mosald #17 Aldborough 2-Y-IIIEd	Aldborough	Y	IIIEd	GP
T009008	Union Gas Mosald #10 Aldborough 7-Y-IIED	Aldborough	Y	IIED	GP
T009014	Union Gas Mosald #14 Aldborough 8-Y-IIED	Aldborough	Y	IIED	GP
T008999	Union Mosald #15 Aldborough 7-24-II	Aldborough	24	II	GP
T008840	Union Zone #31 Zone 7-10-VI	Zone	10	VI	GP
T008855	Union Zone #84 Zone 8-11-VII	Zone	11	VII	GP
T008866	Union Zone #42 Zone 1-9-VII	Zone	9	VII	GP
T008867	Union #45 Zone 3-10-VII	Zone	10	VII	GP
T008868	Union Zone #43 Zone 6-10-VII	Zone	10	VII	GP
T008870	Union Zone #34 Zpme 5-10-VI	Zone	10	VI	GP
T008871	Union #54 Zone 7-13-VI	Zone	13	VII	GP
T008872	Union Zone No. 40 Zone 5-11-VIII	Zone	11	VII	GP
T008878	Union No.22	Zone	12	V	GP
T008880	Union #91 Faubert #1 Zone 5-10-VI	Zone	10	VI	GP
T008882	Union Zone #85 Zone 2-9-VI	Zone	9	VI	GP

T008883	Union Zone #87 Zone 8-11-VII	Zone	11	V	GP
T008884	Union Zone #21 W Nickels #1 Zone 2-12-VI	Zone	12	VI	GP
T008885	Union #69 Zone 5-11-VIII	Zone	11	VIII	GP
T008897	Union #62 Zone Zone 1-9-VII	Zone	9	VII	GP
T008923	Union Zone #51 Zone 6-12-VI	Zone	12	VI	GP
T008924	Union #50 Zone 1-9-VI	Zone	9	VI	GP
T008925	Union #49 Zone 4-11-VII	Zone	11	VII	GP
T008935	Union Zone #12 Zone 4-12-VI	Zone	12	VI	GP
T009504	Union Zone #38 Zone 8-10-VII	Zone	10	VII	GP

SCHEDULE "E"
PERMITTED ENCUMBRANCES

Permitted Encumbrances Related to Real Property

[To be Finalized]

Permitted Encumbrances Related to Personal Property

Secured Party	Debtor(s)	Collateral Class.						File No.	Reg. No.	Comments
		CG	I	E	A	O	MV			
PACE SAVINGS & CREDIT UNION LIMITED	CLEARBEACH RESOURCES INC.			X	X			736444386 <i>PPSA</i>	20180213 1124 1862 6090 Reg. 5 year(s) Expires 02/13/2023	
		General						Collateral	Description:	
		GUARANTEE						OF THE	OBLIGATIONS	OF ON-ENERGY CORP.
	CLEARBEACH RESOURCES INC.							736444386	20190829 1439 1793 9324 A AMNDMNT	
		Reason						for	Amendment:	
		AMENDED TO (1) REMOVE THE GENERAL COLLATERAL DESCRIPTION FROM								
		REGISTRATION NO. 20180213 1124 1862 6090 AND (2) UPDATE THE DEBTOR'S								
		ADDRESS								
PACE SAVINGS & CREDIT UNION LIMITED (Assignor)	CLEARBEACH RESOURCES INC.							736444386	20210603 1512 9234 7426 D ASSGNMT	
OIL PATCH SERVICES INC. (Assignee)										
Secured Party	Debtor(s)	Collateral Class.						File No.	Reg. No.	Comments
		CG	I	E	A	O	MV			
PACE SAVINGS & CREDIT UNION LIMITED	LIBERTY OIL & GAS LTD.			X	X			736444368 <i>PPSA</i>	20180213 1123 1862 6089 Reg. 5 year(s) Expires 02/13/2023	
		General						Collateral	Description:	
		GUARANTEE						OF THE	OBLIGATIONS	OF ON-ENERGY CORP.

	LIBERTY OIL & GAS LTD. ON-ENERGY CORP.						736444368	20190829 1793	1432 9316	A	AMNDMNT	
		Reason for Amendment: AMENDED TO (1) CHANGE THE NAME OF THE DEBTOR FROM "LIBERTY OIL & GAS LTD." TO "ON-ENERGY CORP." PURSUANT TO ARTICLES OF AMALGAMATION AND (2) REMOVE THE GENERAL COLLATERAL DESCRIPTION FROM REGISTRATION NO. 20180213 1123 1862 6089										
	ON-ENERGY CORP. CLEARBEACH RESOURCES INC.						736444368	20191217 1793	1115 4706	A	AMNDMNT	
		Reason for Amendment: AMENDED TO RECORD THE AMALGAMATION OF THE DEBTOR AND CLEARBEACH RESOURCES INC. TO CONTINUE AS CLEARBEACH RESOURCES INC. PURSUANT TO A CERTIFICATE OF ARTICLES OF AMALGAMATION DATED AUGUST 31, 2019										
	PACE SAVINGS & CREDIT UNION LIMITED (Assignor) OIL PATCH SERVICES INC. (Assignee)						736444368	20210603 9234	1512 7425	D	ASSGNMT	
Secured Party	Debtor(s)	Collateral Class.						File No.	Reg. No.	Comments		
		CG	I	E	A	O	MV					
PACE SAVINGS & CREDIT UNION LIMITED	CLEARBEACH RESOURCES INC.		X	X	X	X	736444323 PPSA	20180213 1862 Reg. 5 year(s) Expires 02/13/2023	1122 6088			
		General Collateral Description: GENERAL SECURITY AGREEMENT AND DEMAND DEBENTURE AS ADDITIONAL SECURITY TO THE GUARANTEE IN RELATION TO THE LOAN MADE BY THE SECURED PARTY TO ON-ENERGY CORP.										
	CLEARBEACH RESOURCES INC.		X	X	X	X	736444323	20190829 1793	1439 9325	A	AMNDMNT	
		Reason for Amendment: AMENDED TO (1) UPDATE THE COLLATERAL CLASSIFICATION, (2) REMOVE THE GENERAL COLLATERAL DESCRIPTION FROM REGISTRATION NO. 20180213 1122 1862 6088 AND (3) UPDATE THE DEBTOR'S ADDRESS										

PACE SAVINGS & CREDIT UNION LIMITED (Assignor)	CLEARBEACH RESOURCES INC.									736444323	20210603 9234	1512 7424	D ASSGNMT
OIL PATCH SERVICES INC. (Assignee)													
Secured Party	Debtor(s)	Collateral Class.						File No.	Reg. No.	Comments			
		CG	I	E	A	O	MV						
PACE SAVINGS & CREDIT UNION LIMITED	LIBERTY OIL & GAS LTD.		X	X	X	X		736444305 <i>PPSA</i>	20180213 1862 Reg. 5 year(s) Expires 02/13/2023	1121 6087			
		General Collateral Description: GENERAL SECURITY AGREEMENT AND DEMAND DEBENTURE AS ADDITIONAL SECURITY TO THE GUARANTEE IN RELATION TO THE LOAN MADE BY THE SECURED PARTY TO ON-ENERGY CORP.											
	LIBERTY OIL & GAS LTD. ON-ENERGY CORP.		X	X	X	X	X	736444305	20190829 1793 A AMNDMNT	1433 9317			
		Reason for Amendment: AMENDED TO (1) CHANGE THE NAME OF THE DEBTOR FROM "LIBERTY OIL & GAS LTD." TO "ON-ENERGY CORP." PURSUANT TO ARTICLES OF AMALGAMATION, (2) UPDATE THE COLLATERAL CLASSIFICATION AND (3) REMOVE THE GENERAL COLLATERAL DESCRIPTION FROM REGISTRATION NO. 20180213 1121 1862 6087											
	ON-ENERGY CORP. CLEARBEACH RESOURCES INC.							736444305	20191217 1462 A AMNDMNT	1406 1780			
		Reason for Amendment: AMENDED TO RECORD THE AMALGAMATION OF THE DEBTOR AND CLEARBEACH RESOURCES INC. TO CONTINUE AS CLEARBEACH RESOURCES INC. PURSUANT TO A CERTIFICATE OF ARTICLES OF AMALGAMATION DATED AUGUST 31, 2019											
PACE SAVINGS & CREDIT UNION LIMITED (Assignor)	CLEARBEACH RESOURCES INC.							736444305	20210603 9234	1511 7423	D ASSGNMT		

Secured Party	Debtor(s)	Collateral Class.						File No.	Reg. No.	Comments
		CG	I	E	A	O	MV			
OIL PATCH SERVICES INC. (Assignee)										
PACE SAVINGS & CREDIT UNION LIMITED	ON-ENERGY CORP.		X	X	X	X	X	736444287 PPSA	20180213 1119 1862 6086 Reg. 5 year(s) Expires 02/13/2023	
	ON-ENERGY CORP.							736444287	20190829 1435 1793 9319 A AMNDMNT	
		Reason for Amendment: AMENDED TO UPDATE THE DEBTOR'S ADDRESS								
	ON-ENERGY CORP. CLEARBEACH RESOURCES INC.							736444287	20191217 1406 1462 1782 A AMNDMNT	
		Reason for Amendment: AMENDED TO RECORD THE AMALGAMATION OF THE DEBTOR AND CLEARBEACH RESOURCES INC. TO CONTINUE AS CLEARBEACH RESOURCES INC. PURSUANT TO A CERTIFICATE OF ARTICLES OF AMALGAMATION DATED AUGUST 31, 2019								
PACE SAVINGS & CREDIT UNION LIMITED (Assignor) OIL PATCH SERVICES INC. (Assignee)	CLEARBEACH RESOURCES INC.							736444287	20210603 1511 9234 7422 D ASSGNMT	

Secured Party	Debtor(s)	Collateral Class.						File No.	Reg. No.		Comments
		CG	I	E	A	O	MV				
PACE SAVINGS & CREDIT UNION LIMITED	ON-ENERGY CORP.		X	X	X	X		735127974 PPSA	20171221 1862	1017 2600	Reg. 5 year(s) Expires 12/21/2022
		No					Fixed		Maturity		Date
	ON-ENERGY CORP.		X	X	X	X	X	735127974	20190829 1793	1436 9320	A AMNDMNT
		Reason for Amendment: AMENDED TO (1) UPDATE THE COLLATERAL CLASSIFICATION AND (2) UPDATE THE DEBTOR'S ADDRESS									
	ON-ENERGY CORP. CLEARBEACH RESOURCES INC.							735127974	20191217 1462	1406 1783	A AMNDMNT
		Reason for Amendment: AMENDED TO RECORD THE AMALGAMATION OF THE DEBTOR AND CLEARBEACH RESOURCES INC. TO CONTINUE AS CLEARBEACH RESOURCES INC. PURSUANT TO A CERTIFICATE OF ARTICLES OF AMALGAMATION DATED AUGUST 31, 2019									
PACE SAVINGS & CREDIT UNION LIMITED (Assignor)	CLEARBEACH RESOURCES INC.							735127974	20210603 9234	1510 7421	D ASSGNMT
OIL PATCH SERVICES INC. (Assignee)											
Secured Party	Debtor(s)	Collateral Class.						File No.	Reg. No.		Comments
		CG	I	E	A	O	MV				
PACE SAVINGS & CREDIT UNION LIMITED	LIBERTY OIL & GAS LTD.		X	X	X	X		719404317 PPSA	20160809 1862	0938 3132	Reg. 7 year(s) Expires 08/09/2023
	LIBERTY OIL & GAS LTD.		X	X	X	X	X	719404317	20190829 1793	1434 9318	

	ON-ENERGY CORP.								A	AMNDMNT	
		Reason for Amendment: AMENDED TO (1) CHANGE THE NAME OF THE DEBTOR FROM "LIBERTY OIL & GAS LTD." TO "ON-ENERGY CORP." PURSUANT TO ARTICLES OF AMALGAMATION AND (2) UPDATE THE COLLATERAL CLASSIFICATION									
	ON-ENERGY CORP. CLEARBEACH RESOURCES INC.							719404317	20191217 1462	1406 1781	A AMNDMNT
		Reason for Amendment: AMENDED TO RECORD THE AMALGAMATION OF THE DEBTOR AND CLEARBEACH RESOURCES INC. TO CONTINUE AS CLEARBEACH RESOURCES INC. PURSUANT TO A CERTIFICATE OF ARTICLES OF AMALGAMATION DATED AUGUST 31, 2019									
PACE SAVINGS & CREDIT UNION LIMITED (Assignor)	CLEARBEACH RESOURCES INC.							719404317	20210603 9234	1510 7420	D ASSGNMT
OIL PATCH SERVICES INC. (Assignee)											
Secured Party	Debtor(s)	Collateral Class.						File No.	Reg. No.		Comments
		CG	I	E	A	O	MV				
PACE SAVINGS & CREDIT UNION LIMITED	ON-ENERGY CORP.		X	X	X	X		697869423 PPSA	20140710 1862 Reg. 7 year(s) Expires 07/10/2021	1025 6068	
	ON-ENERGY CORP.		X	X	X	X	X	697869423	20190829 1793	1436 9321	A AMNDMNT
		Reason for Amendment: AMENDED TO (1) UPDATE THE COLLATERAL CLASSIFICATION AND (2) UPDATE THE DEBTOR'S ADDRESS									
	ON-ENERGY CORP. CLEARBEACH							697869423	20191217 1462	1406 1784	

	RESOURCES INC.								A	AMNDMNT	
		Reason for Amendment: AMENDED TO RECORD THE AMALGAMATION OF THE DEBTOR AND CLEARBEACH RESOURCES INC. TO CONTINUE AS CLEARBEACH RESOURCES INC. PURSUANT TO A CERTIFICATE OF ARTICLES OF AMALGAMATION DATED AUGUST 31, 2019									
PACE SAVINGS & CREDIT UNION LIMITED (Assignor)	CLEARBEACH RESOURCES INC.							697869423	20210603 9234	1509 7419	D ASSGNMT
OIL PATCH SERVICES INC. (Assignee)											
Secured Party	Debtor(s)	Collateral Class.						File No.	Reg. No.	Comments	
		CG	I	E	A	O	MV				
PACE SAVINGS & CREDIT UNION LIMITED	CLEARBEACH RESOURCES INC.		X	X	X	X		697869387 PPSA	20140710 1862 1022 6065 Reg. 7 year(s) Expires 07/10/2021		
	CLEARBEACH RESOURCES INC.		X	X	X	X	X	697869387	20190829 1793 1440 9326		A AMNDMNT
		Reason for Amendment: AMENDED TO (1) UPDATE THE COLLATERAL CLASSIFICATION AND (2) UPDATE THE DEBTOR'S ADDRESS									
PACE SAVINGS & CREDIT UNION LIMITED (Assignor)	CLEARBEACH RESOURCES INC.							697869387	20210603 9234	1509 7418	D ASSGNMT
OIL PATCH SERVICES INC. (Assignee)											

SCHEDULE "F"
DRAFT APPROVAL AND VESTING ORDER

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) WEDNESDAY, THE 14th
JUSTICE GILMORE) DAY OF JULY, 2021
)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CLEARBEACH RESOURCES INC. AND FORBES RESOURCES
CORP.

Applicants

APPROVAL AND VESTING ORDER

THIS MOTION, made by Clearbeach Resources Inc. ("**Clearbeach**") and Forbes Resources Corp. ("**Forbes**" and together with Clearbeach, the "**Applicants**" and each an "**Applicant**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an order, among other things: (i) approving the transactions (the "**Transactions**") contemplated by the Share Purchase Agreement (the "**SPA**") between Clearbeach and Oil Patch Services Inc. (the "**Purchaser**") dated June [●], 2021 and attached as Exhibit "A" to the affidavit of Jane Lowrie sworn June 21, 2021 (the "**Lowrie Affidavit**"); (ii) adding [●] Ontario Inc. ("**ResidualCo**") as an Applicant to these CCAA proceedings (the "**CCAA Proceedings**"); (iii) transferring and vesting all of Clearbeach's right, title and interest in and to the Excluded Assets (as defined in the SPA) in ResidualCo; (iv) releasing and discharging Clearbeach from and in respect of, and transferring and vesting all of the Excluded Contracts and Excluded Liabilities (each as defined in the SPA) in and to ResidualCo; (v) cancelling and extinguishing all equity interests in Clearbeach other than the issued and outstanding common

shares thereof; (vi) authorizing and directing Clearbeach to issue the New Common Shares (as defined in the SPA), and vesting in the Purchaser all right, title and interest in and to the New Common Shares; (vii) effecting the Consolidation and Cancellation (as defined in the SPA); (viii) authorizing and directing MNP Ltd. (“MNP”) to file an assignment in bankruptcy for and on behalf of ResidualCo; (ix) concluding the CCAA Proceedings and discharging and releasing the Monitor at the Effective Time (each as defined below) with respect to Clearbeach; (x) approving the fees and activities of the Monitor and its counsel; and (xi) granting certain related relief, was heard this day via video conference as a result of the COVID-19 pandemic.

ON READING the Notice of Motion, the Lowrie Affidavit and the exhibits thereto, the Second Report of MNP, in its capacity as the Court-appointed monitor of the Applicants under the CCAA (in such capacity, the “**Monitor**”), dated [●], 2021 (the “**Second Report**”) and the appendices thereto, and on hearing the submissions of counsel to the Applicants, the Monitor, and such other counsel appearing on the counsel slip, no one appearing for any other party although duly served as appears from the affidavit of service of Joshua Foster sworn June 22, 2021:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the Second Report is hereby abridged and validated such that this Motion is properly returnable today and hereby dispenses with further service thereof.

DEFINITIONS

2. **THIS COURT ORDERS** that all capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the SPA or the Initial Order of this Court in the CCAA Proceedings dated May 20, 2021 (as amended and restated, the “**Initial Order**”), as applicable.

APPROVAL AND VESTING

3. **THIS COURT ORDERS AND DECLARES** that the SPA and the Transactions be and are hereby approved, including for greater certainty the issuance of the New Common Shares to the Purchaser as fully paid and non-assessable shares, and the execution of the SPA by Clearbeach

is hereby authorized and approved, with such minor amendments as the parties thereto may deem necessary, with the approval of the Monitor. Clearbeach is hereby authorized and directed to perform its obligations under the SPA and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transactions, including the Reorganization Transactions and the issuance of the New Common Shares to the Purchaser.

4. **THIS COURT ORDERS AND DECLARES** that this Order shall constitute the only authorization required by Clearbeach to proceed with the Transactions (including for greater certainty, the Reorganization Transactions), and that no shareholder or other approval shall be required in connection therewith.

5. **THIS COURT ORDERS AND DECLARES** that upon the delivery of the Monitor's certificate (the "**Monitor's Certificate**") to the Purchaser (the "**Effective Time**"), substantially in the form attached as Schedule "A" hereto, the following shall occur and shall be deemed to have occurred at the Effective Time in the following sequence:

- (a) first, (i) ResidualCo shall be added as an Applicant in the CCAA Proceedings pursuant to paragraph 19 of this Order, and (ii) the directors and officers of ResidualCo (collectively, the "**ResidualCo D&Os**") shall be deemed to have resigned;
- (b) second, all of Clearbeach's right, title and interest in and to the Excluded Assets shall vest absolutely and exclusively in ResidualCo, and any and all Claims and Encumbrances shall continue to attach to the Excluded Assets in accordance with paragraph 10 of this Order, in either case with the same nature and priority as they had immediately prior to the transfer;
- (c) third, all Excluded Contracts (together with the obligations and liabilities thereunder) and Excluded Liabilities (which for greater certainty includes all Claims against Clearbeach other than the Retained Liabilities) shall be channelled to, assumed by and vest absolutely and exclusively in ResidualCo such that the Excluded Contracts and Excluded Liabilities shall become obligations of ResidualCo and shall no longer be obligations of Clearbeach, and Clearbeach and

the Retained Assets shall be and are hereby forever released and discharged from such Excluded Contracts and Excluded Liabilities and all related Claims (excluding, for greater certainty, the Retained Liabilities) and all Encumbrances in connection therewith or affecting or relating to Clearbeach and the Retained Assets (other than the Permitted Encumbrances) are hereby expunged and discharged as against Clearbeach and the Retained Assets;

- (d) fourth, all issued and outstanding shares (including for greater certainty, all preferred shares) in the capital of Clearbeach other than the Existing Shares (and, for greater certainty, not including the New Common Shares to be subsequently issued to the Purchaser pursuant to the SPA and paragraph 5(g) of this Order), and all options, conversion privileges, equity-based awards, warrants, securities, debentures, loans, notes or other rights, agreements or commitments of any character whatsoever that are held by any Person (as defined below) and are convertible or exchangeable for any securities of Clearbeach or which require the issuance, sale or transfer by Clearbeach, of any shares or other securities of Clearbeach and/or the share capital of Clearbeach, or otherwise relating thereto, shall be, and shall be deemed to be, terminated and cancelled without any payment or other consideration;
- (e) fifth, the Bankruptcy Costs shall be paid by the Purchaser, on behalf of Clearbeach, to the Monitor, who shall provide same to the trustee in bankruptcy of ResidualCo (in such capacity, the “Trustee”), which Bankruptcy Costs shall be held by the Monitor and the Trustee free and clear of any Claims or Encumbrances;
- (f) sixth, the Purchaser shall pay, assume or otherwise satisfy the Priority Claims in accordance with the terms of the SPA, and, upon payment thereof, the Priority Claims shall be and are hereby forever released, expunged and discharged as against the Retained Assets, Clearbeach and the New Common Shares;
- (g) seventh, in consideration for the Purchase Price, Clearbeach shall issue the New Common Shares to the Purchaser as fully paid and non-assessable shares of Clearbeach, and all right, title and interest in and to the New Common Shares shall

vest absolutely and exclusively in the Purchaser, free and clear of any and all Claims and Encumbrances and, for greater certainty, this Court orders that all Claims and Encumbrances affecting or relating to the New Common Shares are hereby expunged and discharged as against the New Common Shares;

- (h) eighth, the issued and outstanding common shares in the capital of Clearbeach (being the New Common Shares and the Existing Shares) shall be consolidated on the basis of the Consolidation Ratio, and the Articles of Clearbeach shall be amended as necessary to achieve such consolidation;
- (i) ninth, the holder of the fractional common share of Clearbeach resulting from the consolidation of the Existing Shares, being 0.0001 common shares, shall sell such fractional share to the Purchaser, and the Purchaser shall purchase and acquire such fractional share from such holder, for a purchase price of \$0.01;
- (j) tenth, any fractional common shares in the capital of Clearbeach held by any holder of such shares immediately following the consolidation of such shares pursuant to paragraph 5(h) of this Order and the share transfer pursuant to paragraph 5(i) of this Order shall be cancelled without any Liability, payment or other consideration in respect thereof, and the Articles of Clearbeach shall be amended as necessary to achieve such cancellation; and
- (k) eleventh, Clearbeach shall be deemed to cease being an Applicant in the CCAA Proceedings, and Clearbeach shall be deemed to be released from the purview of the Initial Order and all other Orders of this Court granted in respect of the CCAA Proceedings, save and except for this Order, the provisions of which (as they relate to Clearbeach) shall continue to apply in all respects. For greater certainty, ResidualCo shall remain an Applicant in accordance with and subject to the terms of this Order.

6. **THIS COURT ORDERS** that, from and after the Effective Time, the Purchaser and Clearbeach shall be authorized to take all such steps as may be necessary to effect the releasing, expunging or discharging of all Claims and Encumbrances released, expunged or discharged

pursuant to this Order, which are registered against the Retained Assets and the New Common Shares, including the filing of such financing change statements in any personal property registry systems as may be necessary or desirable.

7. **THIS COURT ORDERS** that upon the registration in the Land Registry Office #[●] for the Land Titles Division of [●] of an Application for Vesting Order in the form prescribed by the *Land Titles Act* (Ontario) and/or the *Land Registration Reform Act* (Ontario), the Land Registrar is hereby directed to vacate and expunge from title to the subject real property identified in schedule “D” hereto all of the Claims and Encumbrances identified in Schedule “B” hereto (which for greater certainty shall not include those Permitted Encumbrances identified in Schedule “C” hereto).

8. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor’s Certificate, forthwith after delivery thereof in connection with the Transactions.

9. **THIS COURT ORDERS** that the Monitor may rely on written notice from Clearbeach and the Purchaser regarding the fulfilment of conditions to closing under the SPA and shall have no liability with respect to delivery of the Monitor’s Certificate.

10. **THIS COURT ORDERS** that all Claims and Encumbrances released, expunged and discharged as against Clearbeach, the Retained Assets and the New Common Shares pursuant to paragraph 5 hereof shall attach to the Excluded Assets with the same nature and priority as they had immediately prior to the Transactions, as if the Transactions had not occurred.

11. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, as amended, Clearbeach or the Monitor, as the case may be, are authorized, permitted and directed to, at the Effective Time, disclose to the Purchaser all human resources and payroll information in Clearbeach’s records pertaining to past and current employees of Clearbeach. The Purchaser shall maintain and protect the privacy of such information in accordance with applicable law and shall be entitled to use the personal information provided to it in a manner that is in all material respects identical to the prior use of such information by Clearbeach.

12. **THIS COURT ORDERS AND DECLARES** that at the Effective Time and without limiting the provisions of paragraph 5 hereof, the Purchaser and Clearbeach shall be deemed released from any and all claims, liabilities, (direct, indirect, absolute or contingent) or obligations with respect to any Taxes (including penalties and interest thereon) of, or that relate to, Clearbeach (provided, as it relates to Clearbeach, such release shall not apply to (i) Taxes that are Retained Liabilities, and (ii) Taxes in respect of the business and operations conducted by Clearbeach after the Effective Time), including without limiting the generality of the foregoing, all Taxes that could be assessed against the Purchaser or Clearbeach (or their affiliates or any predecessor corporations) pursuant to section 160 of the *Income Tax Act*, R.S.C. 1985 c. 1 (5th Supp.), or any provincial equivalent, in connection with Clearbeach. For greater certainty, nothing in this paragraph shall release or discharge any Claims against ResidualCo with respect to Taxes that are vested in or assumed by ResidualCo.

13. **THIS COURT ORDERS AND DECLARES** that, at the Effective Time, all Persons upon whose real property the Oil and Gas Assets are situated shall be, and shall be deemed to be forever irrevocably released and discharged from any and all claims, liabilities, (direct, indirect, absolute or contingent) or obligations with respect to any Taxes (including penalties and interest thereon) of, or that relate to, Clearbeach arising under the *Municipal Act, 2001*, S.O. 2001, c. 25 and/or the *Assessment Act*, R.S.O. 1990, c. A.31 (provided that such release shall not apply to Taxes in respect of the business and operations conducted by Clearbeach after the Effective Time).

14. **THIS COURT ORDERS** that except to the extent expressly contemplated by the SPA, all Contracts to which Clearbeach is a party at the time of delivery of the Monitor's Certificate will be and remain in full force and effect upon and following delivery of the Monitor's Certificate and no individual, firm, corporation, governmental body or agency, or any other entity (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") who is a party to any such arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set off, dilution or other remedy) or make any demand under or in respect of any such arrangement and no automatic termination will have any validity or effect, by reason of:

- (a) any event that occurred on or prior to the delivery of the Monitor's Certificate and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events of default arising as a result of the insolvency of the Applicants);
- (b) the insolvency of any Applicant or the fact that the Applicants sought or obtained relief under the CCAA;
- (c) any compromises, releases, discharges, cancellations, transactions, arrangements, reorganizations or other steps taken or effected pursuant to the SPA, the Transactions or the provisions of this Order, or any other Order of the Court in these proceedings; or
- (d) any transfer or assignment, or any change of control of any of the Applicants arising from the implementation of the SPA, the Transactions or the provisions of this Order.

15. **THIS COURT ORDERS**, for greater certainty, that (a) nothing in paragraph 14 hereof shall waive, compromise or discharge any obligations of Clearbeach in respect of any Retained Liabilities, and (b) the designation of any Claim as a Retained Liability is without prejudice to Clearbeach's right to dispute the existence, validity or quantum of any such Retained Liability, and (c) nothing in this Order or the SPA shall affect or waive Clearbeach's rights and defences, both legal and equitable, with respect to any Retained Liability, including, but not limited to, all rights with respect to entitlements to set offs or recoupments against such Retained Liability or to settle, dispute, appeal or compromise any such Retained Liability.

16. **THIS COURT ORDERS** that from and after the Effective Time, all Persons shall be deemed to have waived any and all defaults of Clearbeach then existing or previously committed by Clearbeach, or caused by Clearbeach, directly or indirectly, or non-compliance with any covenant, warranty, representation, undertaking, positive or negative pledge, term, provision, condition, or obligation, expressed or implied in any Contract existing between such Person and Clearbeach (including for certainty, those Contracts constituting Retained Assets) arising directly or indirectly from the filing by the Applicants under the CCAA and implementation of the

Transactions, including without limitation any of the matters or events listed in paragraph 14 hereof and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under a Contract shall be deemed to have been rescinded and of no further force or effect, provided that nothing herein shall be deemed to excuse Clearbeach from performing its obligations under the SPA or be a waiver of defaults by Clearbeach under the SPA and the related documents.

17. **THIS COURT ORDERS** that from and after the Effective Time, any and all Persons shall be and are hereby forever barred, estopped, stayed and enjoined from commencing, taking, applying for or issuing or continuing any and all steps or proceedings, whether directly, derivatively or otherwise, and including without limitation, administrative hearings and orders, declarations and assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against Clearbeach, the Retained Assets or the New Common Shares relating in any way to or in respect of any Excluded Assets, Excluded Liabilities or Excluded Contracts and any other claims, obligations and other matters that are waived, released, expunged or discharged pursuant to this Order.

18. **THIS COURT ORDERS** that from and after the Effective Time:

- (a) the nature of the Retained Liabilities retained by Clearbeach, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of the Transactions or this Order;
- (b) the nature of the Excluded Liabilities, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of their vesting in and assumption by ResidualCo;
- (c) any Person that prior to the Effective Time had a valid right or claim against Clearbeach under or in respect of any Excluded Contract or Excluded Liability (each an “**Excluded Liability Claim**”) shall no longer have such right or claim against Clearbeach but will have an equivalent Excluded Liability Claim against ResidualCo in respect of the Excluded Contract or Excluded Liability from and after the Effective Time in its place and stead, and nothing in this Order limits,

lessens or extinguishes the Excluded Liability Claim of any Person as against ResidualCo; and

- (d) the Excluded Liability Claim of any Person against ResidualCo following the Effective Time shall have the same rights, priority and entitlement as such Excluded Liability Claim had against Clearbeach prior to the Effective Time.

19. **THIS COURT ORDERS AND DECLARES** that, as of the Effective Time:

- (a) ResidualCo shall be a company to which the CCAA applies; and
- (b) ResidualCo shall be added as an Applicant in the CCAA Proceedings and all references in any Order of this Court in respect of the CCAA Proceedings to (i) an “Applicant” or the “Applicants” shall refer to and include ResidualCo *mutatis mutandis*, and (ii) “Property” shall include the current and future assets, licenses, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof, of ResidualCo.

RELEASES

20. **THIS COURT ORDERS** that effective upon the filing of the Monitor’s Certificate, (i) the current directors, officers, employees, independent contractors that have provided legal or financial services to the Applicants, legal counsel and advisors of the Applicants, (ii) the ResidualCo D&Os, and (iii) the Monitor and its legal counsel (collectively, the “**Released Parties**”) shall be, and shall be deemed to be forever irrevocably released and discharged from any and all present and future claims (including, without limitation, claims for contribution or indemnity), liabilities, indebtedness, demands, actions, causes of action, counterclaims, suits, damages, judgments, executions, recoupments, debts, sums of money, expenses, accounts, liens, taxes, recoveries, and obligations of any nature or kind whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise) based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place prior to the filing of the Monitor’s Certificate and that relate in any manner whatsoever to the Applicants or any of their assets (current or historical), obligations,

business or affairs or the CCAA Proceedings, including any actions undertaken or completed pursuant to the terms of this Order, or arising in connection with or relating to the SPA or the completion of the Transactions (collectively, the “**Released Claims**”), which Released Claims are hereby fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties, provided that nothing in this paragraph shall waive, discharge, release, cancel or bar: (i) any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA, or that arises in or relates to the period prior to the granting of the Initial Order, or (ii) any of the Released Parties from the performance of its obligations pursuant to the SPA.

21. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C 195, c. B-3, as amended (the “**BIA**”), in respect of in respect of one or more of any of the Applicants, ResidualCo or any of their respective predecessors, successors or heirs (collectively, the “**Identified Parties**”), and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of any of the Identified Parties;

the SPA, the implementation of the Transactions (including without limitation the transfer, assumption and vesting of the Excluded Assets, Excluded Contracts and Excluded Liabilities in and to ResidualCo, the issuance and vesting of the New Common Shares in and to the Purchaser), and any payments by or to the Purchaser, ResidualCo, the Monitor or the Trustee authorized herein shall be binding on any trustee in bankruptcy that may be appointed in respect of any of the Identified Parties and shall not be void or voidable by creditors of any of the Identified Parties, as applicable, nor shall they constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the CCAA, the BIA or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

GENERAL

22. **THIS COURT ORDERS** that, from and after the Effective Time, the title of these proceedings is hereby changed to

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

AND IN THE MATTER OF THE COMPROMISE OR
ARRANGEMENT OF FORBES RESOURCES CORP. AND [●] ONTARIO INC.

APPROVAL OF THE MONITOR'S REPORTS, ACTIVITIES AND FEES

23. **THIS COURT ORDERS** that the Pre-Filing Report of the Monitor dated May 18, 2021, the First Report of the Monitor dated May 25, 2021, and the Second Report, and the activities of the Monitor and its counsel referred to therein be and are hereby approved; provided, however, that only the Monitor, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

24. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and its counsel, as set out in the Second Report, be and are hereby approved.

BANKRUPTCY

25. **THIS COURT ORDERS** that, as soon as practicable following the Effective Time:

- (a) the Monitor is hereby authorized and directed to file an assignment in bankruptcy pursuant to the BIA (the "**Assignment in Bankruptcy**") for and on behalf of ResidualCo and to take any such steps incidental thereto;
- (b) MNP is hereby authorized and empowered, but not obligated, to act as trustee in bankruptcy in respect of ResidualCo under the BIA; and
- (c) MNP may apply the Bankruptcy Costs against the Trustee's fees and disbursements and the fees and disbursements of the Trustee's counsel incurred in connection with any such bankruptcy proceedings in respect of ResidualCo.

CONCLUSION OF THE CCAA PROCEEDINGS WITH RESPECT TO CLEARBEACH

26. **THIS COURT ORDERS** that at the Effective Time the CCAA Proceedings solely with respect to Clearbeach shall be terminated without any other act or formality, save and except as provided in this Order, and provided that nothing herein impacts the validity of any Orders made in the CCAA Proceedings or any actions or steps taken by any Person pursuant to or as authorized by any Orders of the Court made in the CCAA Proceedings.

27. **THIS COURT ORDERS** that the Monitor is hereby directed to serve notice of the Effective Time upon the Service List established for the CCAA Proceedings as soon as is practicable following the occurrence thereof.

28. **THIS COURT ORDERS** that the Administration Charge and the Directors' Charge shall be terminated, released and discharged at the Effective Time with respect to Clearbeach without any other act or formality.

DISCHARGE OF THE MONITOR WITH RESPECT TO CLEARBEACH

29. **THIS COURT ORDERS** that at the Effective Time, MNP shall be discharged and shall have no further duties, obligations or responsibilities as Monitor with respect to Clearbeach. Notwithstanding the discharge of MNP as Monitor and the termination of the CCAA Proceedings with respect to Clearbeach, MNP shall have the authority from and after the Effective Time to complete any matters that may be incidental to the termination of the CCAA Proceedings with respect to Clearbeach. In completing any incidental matters, MNP shall continue to have the benefit of the provisions of all Orders made in the CCAA Proceedings, including all approvals, protections and stays of proceedings in favour of MNP in its capacity as Monitor, and nothing in this Order shall affect, vary, derogate from, limit or amend any of the protections in favour of the Monitor at law or pursuant to the CCAA, the Initial Order or any other Order issued in the CCAA Proceedings.

30. **THIS COURT ORDERS** that, notwithstanding any provision of this Order and the termination of the CCAA Proceedings with respect to Clearbeach, nothing herein shall affect, vary, derogate from, limit or amend any of the rights, approvals and protections in favour of the Monitor at law or pursuant to the CCAA, the Initial Order or any other Order of this Court in the CCAA Proceedings, all of which are expressly continued and confirmed.

31. **THIS COURT ORDERS** that upon the Effective Time, MNP and its counsel, legal counsel to the Applicants, and each of their affiliates, officers, directors, partners, employees and agents (collectively, the “**Released Professionals**” and each, a “**Released Professional**”) shall be and are hereby forever irrevocably released and discharged from any and all present and future claims, liabilities, indebtedness, demands, actions, causes of action, suits, damages, judgments and obligations of whatever nature that any person may have or be entitled to assert against the Released Professionals, whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Effective Time in any way relating to, arising out of, or in respect of, the CCAA Proceedings with respect to Clearbeach or with respect to their respective conduct in the CCAA Proceedings with respect to Clearbeach, save and except for any gross negligence or wilful misconduct.

32. **THIS COURT ORDERS** that no action or other proceeding shall be commenced against any of the Released Professionals in any way arising from or related to the CCAA Proceedings with respect to Clearbeach, except with prior leave of this Court on at least seven (7) days' prior written notice to the applicable Released Professional.

GENERAL

33. **THIS COURT ORDERS** that, notwithstanding Rule 59.05, this Order is effective from the date that it is made, and is enforceable without any need for entry and filing. In accordance with Rules 77.07(6) and 1.04, no formal order need be entered and filed unless an appeal or a motion for leave to appeal is brought to an appellate court. Any party may nonetheless submit a formal order for original signing, entry and filing when the Court returns to regular operations.

34. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

35. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, ResidualCo, the Monitor, the Trustee and their

respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and ResidualCo and to the Monitor or the Trustee (as applicable), as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor or the Trustee (as applicable) in any foreign proceeding, or to assist the Applicants, ResidualCo, the Monitor, the Trustee and their respective agents in carrying out the terms of this Order.

36. **THIS COURT ORDERS** that each of the Applicants, ResidualCo, the Monitor and the Trustee be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

SCHEDULE "A"

FORM OF MONITOR'S CERTIFICATE

Court File No.: CV-21-00662483-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CLEARBEACH RESOURCES INC. AND FORBES RESOURCES
CORP.**

Applicants

RECITALS

A. Pursuant to the Initial Order of the Honourable Madam Justice Gilmore of the Ontario Superior Court of Justice (Commercial List), dated May 20, 2021, as amended, Clearbeach Resources Inc. ("**Clearbeach**") and Forbes Resources Corp. (together with Clearbeach, the "**Applicants**") were granted protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, and MNP Ltd. ("**MNP**"), was appointed as monitor (in such capacity, the "**Monitor**") of the Applicants.

B. Pursuant to the Approval and Vesting Order of the Court, dated July 14, 2021 (the "**Order**"), the Court approved the transactions contemplated by the Share Purchase Agreement dated ●, 2021 (the "**SPA**"), between Clearbeach and Oil Patch Services Inc. (the "**Purchaser**"), and ordered, *inter alia*: (i) transferring and vesting all of Clearbeach's right, title and interest in and to the Excluded Assets in ResidualCo; (ii) releasing and discharging Clearbeach from and in respect of, and transferring and vesting all of the Excluded Contracts and Excluded Liabilities in and to ResidualCo; and (iii) issuing to and vesting in the Purchaser all right, title and interest in and to the New Common Shares, which vesting is, in each case, to be effective upon the delivery

by the Monitor to the Purchaser of a certificate confirming that the Monitor has received written confirmation in the form and substance satisfactory to the Monitor from the Purchaser and Clearbeach that all conditions to closing have been satisfied or waived by the parties to the SPA.

C. Capitalized terms not defined herein shall have the meaning given to them in the Order or the SPA.

THE MONITOR CERTIFIES the following:

1. The Monitor has received written confirmation from the Purchaser and the Applicants, in form and substance satisfactory to the Monitor, that all conditions to closing have been satisfied or waived by the parties to the SPA.
2. In accordance with the terms of the SPA and the Order, the Purchaser has:
 - a. paid the Bankruptcy Costs to the Monitor, to be provided to MNP in its capacity as trustee in bankruptcy of ResidualCo; and
 - b. confirmed to the Monitor that the Purchaser has paid, assumed or otherwise satisfied the Priority Claims in accordance with the terms of the SPA.
3. This Monitor's certificate was delivered by the Monitor at _____ on _____, 2021.

MNPLTD., solely in its capacity as
Monitor of the Applicants, and not in its
personal or corporate capacity

Per:

Name:

Title:

SCHEDULE "B"
CLAIMS AND ENCUMBRANCES TO BE DELETED AND EXPUNGED FROM TITLE
TO REAL PROPERTY

[To be Finalized]

SCHEDULE "C"
PERMITTED ENCUMBRANCES, EASEMENTS AND RESTRICTIVE COVENANTS
RELATED TO THE REAL PROPERTY

[To be Finalized]

SCHEDULE "D"
LEGAL DESCRIPTION OF THE REAL PROPERTY

[To be Finalized]

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CLEARBEACH RESOURCES INC. AND FORBES
RESOURCES CORP.**

Court File No.: CV-21-00662483-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings Commenced in Toronto

APPROVAL AND VESTING ORDER

BENNETT JONES LLP

One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario
M5X 1A4

Richard Swan (LSO# 32076A)

Raj Sahni (LSO# 42924U)

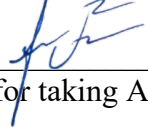
Tel: 416-863-1200

Fax: 416-863-1716

Lawyers for the Applicants

TAB B

THIS IS **EXHIBIT "B"** REFERRED TO IN THE
AFFIDAVIT OF JANE LOWRIE,
SWORN BEFORE ME THIS 21st DAY OF JUNE, 2021.



A Commissioner for taking Affidavits, etc.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
CLEARBEACH RESOURCES INC. AND FORBES RESOURCES CORP.**

**AFFIDAVIT OF JANE LOWRIE
(Sworn May 17, 2021)**

I, Jane Lowrie, of the city of London, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am the President of Clearbeach Resources Inc. ("**Clearbeach**") and have been since its incorporation in 1989. I am also the sole director of Clearbeach and my son, Scott Lewis, is the sole director of Forbes Resources Corp. ("**Forbes**" and together with Clearbeach, the "**Applicants**"). As such, I have personal knowledge of the matters to which I depose in this affidavit, unless otherwise indicated. Where I have relied on other sources for information, I have so stated and I believe them to be true. Neither the Applicants nor I waive or intend to waive any applicable privilege by any statement herein.

2. I swear this affidavit in support of an application for:

- (a) an order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), which, among other things:

- (i) abridges and validates the time for service of this Notice of Application and the Application Record and dispenses with further service thereof;
- (ii) declares that the Applicants are entities to which the CCAA applies;
- (iii) authorizes the continuation under the CCAA of the proceedings under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), commenced by Clearbeach and Forbes pursuant to the Notices of Intention to Make a Proposal filed on July 22, 2020 and July 23, 2020, respectively (together, the “**Proposal Proceedings**”);
- (iv) appoints MNP Ltd. (“**MNP**” or the “**Proposed Monitor**”) as an officer of this Court to monitor the assets, business, and affairs of the Applicants (as appointed, the “**Monitor**”);
- (v) stays, for an initial period of not more than ten (10) days (the “**Stay of Proceedings**”), all proceedings and remedies taken or that might be taken in respect of the Applicants, the Monitor or the Directors and Officers or affecting the Applicants’ business or the Property (each as defined below), except with the written consent of the Applicant and the Monitor, or with leave of this Court; and
- (vi) grants the Administration Charge and Directors’ Charge (each as defined below) over the Applicants’ current and future assets, undertakings and property of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (collectively, the “**Property**”);

(vii) approves the First Report of Richter Advisory Group Inc. (“**Richter**”) in its capacity as proposal trustee in the Proposal Proceedings (in such capacity, the “**Proposal Trustee**”) dated December 11, 2020 attached hereto (without appendices) as **Exhibit “A”**, the Supplement to the First Report of Richter dated December 16, 2020 attached hereto (without appendices) as **Exhibit “B”**, and the activities of Richter described therein; and

(b) an order (the “**Settlement Approval Order**”), approving the terms of settlement set out in the Settlement Agreement among the Applicants, PACE Savings & Credit Union Limited (“**Pace**”), Oil Patch Services Inc. (“**Oil Patch**”), Jarvis Holdings Inc. (“**Jarvis**”), Brookwood Resources Inc., 1782767 Ontario Inc., Peter Budd, Lagasco Inc. (“**Lagasco**”) and I (collectively, the “**Settlement Parties**”), executed in escrow pending the granting of the Settlement Approval Order (the “**Settlement Agreement**”), and sealing the unredacted Settlement Agreement.

3. All references to currency in this affidavit are in Canadian dollars unless otherwise noted.

I. CORPORATE STRUCTURE OF THE APPLICANTS

4. The Applicants are privately-owned affiliated companies operating in Ontario’s oil and natural gas sector and are each incorporated under the Ontario *Business Corporations Act*, R.S.O. 1990, c. B.16. The registered head office of both Forbes and Clearbeach is located in London, Ontario. The corporate profile reports for each of Forbes and Clearbeach are attached hereto as **Exhibits “C”**, and **“D”**, respectively.

5. I am the sole shareholder of Clearbeach and Forbes.

II. THE APPLICANTS' BUSINESS

6. Forbes was initially incorporated with the intention of owning certain onshore oil and natural gas wells. However, since its incorporation, Forbes has been inactive and has not taken ownership of any such wells as a result of funding constraints described in detail below.

7. Clearbeach is the operating company through which the Applicants' business is conducted. Clearbeach is involved in the exploration, development and production of oil and gas deposits in Ontario.

8. Since its inception, Clearbeach has grown through a series of amalgamations, asset purchases and organically through exploration and drilling for new reserves. In 2008, Clearbeach Resources Ltd. amalgamated with Clearwood Resources Inc. and continued as "Clearbeach Resources Inc.". In 2019, Clearbeach amalgamated with ON-Energy Corp., which itself had previously amalgamated with Liberty Oil & Gas Ltd. ("**Liberty**"), and continued as "Clearbeach Resources Inc.".

9. Clearbeach currently owns approximately 402 oil, natural gas, disposal and injection wells in Southwestern Ontario, among other related production facilities, in a geographical area from Goderich to Windsor to Simcoe. These wells allow Clearbeach to produce 257 "barrels of oil equivalent" per day, consisting of approximately 1,000 cubic feet of natural gas and 90 barrels of oil.

10. Currently, Clearbeach does not have any employees. Rather, Clearbeach has contractual arrangements with Lagasco and Eastern Oilfield Services Ltd. ("**Eastern**") pursuant to which personnel and services are provided to Clearbeach in connection with the management, operation

and maintenance of Clearbeach's oil and gas wells and associated infrastructure. All costs are billed on a well and field basis and time spent is tracked hourly by all operators and personnel. Clearbeach's oil and gas wells require continual maintenance by field staff. Among other things, field staff must:

- (a) monitor oil and brine fluid levels, operate and maintain motors, compressors, dehydrators, separators, pipelines, pumps and wellheads, maintain sites and laneways and book shipments to empty the tanks, as needed;
- (b) ensure that the wells are pumping properly to avoid spills;
- (c) maintain the well sites, laneways and associated infrastructure;
- (d) perform a number of routine treatments including hot water treatments, salt treatments, wax treatments and pressure monitoring; and
- (e) schedule and perform service rig work to maintain downhole equipment, put wells back on-stream when they malfunction or have equipment failures, treat wells and plug wells as necessary to ensure wells remain active and productive.

11. The oil and gas wells owned by Clearbeach are predominantly located on private farmland. As compensation for having oil and gas wells situated on their property, individual landowners are paid on a monthly basis a royalty on gross production (generally 12.5%) (the "**Royalty Payments**") and are also compensated for crop losses due to surface facilities. Clearbeach must make the Royalty Payments and surface payments in order to keep its petroleum and natural gas leases in good standing and continue production from each of its oil and gas wells and associated facilities.

12. Due to poor financial performance and liquidity issues caused by challenged commodity prices and significant environmental obligations, Clearbeach has been unable to satisfy the Royalty Payments, pay municipal taxes, service its debt to its senior secured creditor, Pace, or meet certain of its other ordinary course obligations. As set out in detail immediately below, Clearbeach's failure to meet these obligations resulted in enforcement action being taken by Pace, which, in turn, precipitated the Proposal Proceedings.

III. BACKGROUND TO THESE PROCEEDINGS

A. Clearbeach's Indebtedness to Pace

13. Clearbeach is a party to a Variable Rate Business Loan Agreement dated August 7, 2014 and subsequently amended in December 2014, among Pace, as lender, Clearbeach, as borrower, and ON-Energy Corp., Brookwood Resources Inc., and 567322 Ontario Limited, as guarantors (as amended, the "**Clearbeach Loan**"). Among other things, the Clearbeach Loan provides for a non-revolving credit facility in the principal amount of \$6 million to be repaid through monthly blended payments of \$59,651.96 made on the 26th day of each month. The Clearbeach Loan matured on August 26, 2019. As at May 14, 2021, approximately \$4.45 million was outstanding under the Clearbeach Loan, including therein \$1.5 million paid by, and still outstanding to, a third-party guarantor. A copy of the Clearbeach Loan is attached hereto as **Exhibit "E"**.

14. In addition to the Clearbeach Loan, Clearbeach had guaranteed loan obligations of various of its predecessors and now has direct responsibility for certain loans through amalgamation, including under:

- (a) a Variable Rate Business Loan Agreement dated August 4, 2016 and subsequently amended on April 23, 2018, between Liberty, as borrower, and Pace, as lender, pursuant to which a non-revolving credit facility in the principal amount of \$1 million was established in favour of Liberty (the “**Liberty Loan**”);
- (b) a Variable Rate Business Loan Agreement dated December 18, 2017 between ON-Energy Corp., as borrower, Clearbeach and others, as guarantors, and Pace, as lender, pursuant to which a non-revolving credit facility in the principal amount of \$2.5 million was established in favour of ON-Energy Corp. (the “**First ON-Energy Loan**”); and
- (c) a Credit Facility Agreement dated February 15, 2018 and subsequently amended on April 23, 2018, between ON-Energy Corp., as borrower, Clearbeach and Liberty, as guarantors, and Pace, as lender, pursuant to which a non-revolving term loan in the principal amount of \$2 million was established in favour of ON-Energy Corp. (the “**Second ON-Energy Loan**”).

15. Copies of the Liberty Loan, the First ON-Energy Loan and the Second ON-Energy Loan (collectively, the “**Loan Agreements**”) are attached hereto as **Exhibits “F”, “G” and “H”** respectively.

16. The following security (collectively, the “**Clearbeach/Pace Security**”) was granted in respect of the obligations of Clearbeach, Liberty and ON-Energy Corp. under the Loan Agreements:

- (a) Clearbeach granted a security interest in its present and after acquired personal property in favour of Pace pursuant to a Business Loan General Security Agreement dated August 7, 2014;
 - (b) Clearbeach granted a Fixed and Floating Charge Demand Debenture in the amount of \$8 million in favour of Pace (the “**Debenture**”) in respect of, among other things, its existing and future leases, all lands and premises and all of its present and after acquired Oil and Gas Properties (as defined in the Debenture);
 - (c) Liberty granted a security interest in its present and after acquired personal property in favour of Pace pursuant to a Business Loan General Security Agreement dated February 15, 2016;
 - (d) Liberty granted a Fixed and Floating Charge Demand Debenture in the amount of \$1.8 million in favour of Pace in respect of, among other things, its existing and future leases, and all lands and premises;
 - (e) ON-Energy Corp. granted a security interest in its present and after acquired personal property in favour of Pace pursuant to a Business Loan General Security Agreement dated February 15, 2018; and
 - (f) ON-Energy Corp. granted a Fixed and Floating Charge Demand Debenture in the amount of \$2.8 million in favour of Pace in respect of, among other things, its existing and future leases, and all lands and premises.
17. On July 13, 2020, Pace sent a demand letter and an accompanying notice of intention to enforce security under subsection 244(1) of the BIA (together, the “**Clearbeach Demand Letter**”)

to Clearbeach in respect of the Loan Agreements. A copy of the Clearbeach Demand Letter is attached hereto as **Exhibit “I”**.

18. Among other things, the Clearbeach Demand Letter advised that:

- (a) certain events of default had occurred under the Loan Agreements;
- (b) Pace was making formal demand for immediate payment of \$8,951,401.79, together with accruing interest and any and all costs and expenses incurred by Pace (collectively, the “**Clearbeach Indebtedness**”); and
- (c) failing payment of the Clearbeach Indebtedness forthwith, Pace would take whatever steps it considered necessary to collect and recover amounts owing to it, including steps to appoint an interim receiver, receiver or receiver and/or manager of Clearbeach.

B. Forbes’ Indebtedness to Pace

19. Forbes is a party to a Variable Rate Business Loan Agreement dated April 13, 2018, among Forbes, as borrower, Jarvis and I as guarantors, and Pace, as lender (the “**Forbes Loan**”). Among other things, the Forbes Loan provides for a non-revolving credit facility in the principal amount of \$500,000.00. The Forbes Loan matured on June 30, 2018 and was not repaid. As at May 14, 2021, approximately \$534,800 remained outstanding under the Forbes Loan. A copy of the Forbes Loan is attached hereto as **Exhibit “J”**.

20. To secure its obligations under the Forbes Loan, Forbes granted a security interest in favour of Pace in all of its present and after acquired personal property pursuant to a Business Loan

General Security Agreement dated April 13, 2018 (together with the Clearbeach/Pace Security, the “**Pace Security**”).

21. On July 13, 2020, Pace sent a demand letter and an accompanying notice of intention to enforce security under subsection 244(1) of the BIA (together, the “**Forbes Demand Letter**”) to the parties to the Forbes Loan Agreement. A copy of the Forbes Demand Letter is attached hereto as **Exhibit “K”**.

22. Among other things, the Forbes Demand Letter advised that:

- (a) certain events of default had occurred under the Forbes Loan Agreement;
- (b) Pace was making formal demand for immediate payment of \$503,151.84, together with accruing interest and any and all costs and expenses incurred by Pace (collectively, the “**Forbes Indebtedness**” and together with the Clearbeach Indebtedness, the “**Pace Indebtedness**”); and
- (c) failing payment of the Forbes Indebtedness forthwith, Pace would take whatever steps it considered necessary to collect and recover amounts owing to it, including steps to appoint an interim receiver, receiver or receiver and/or manager of Forbes.

23. Forbes entered into the Forbes Loan in connection with financing the purchase of certain assets of Dundee Energy Limited Partnership and its general partner Dundee Oil and Gas Limited (collectively, “**Dundee**”), in the context of a proceeding under the CCAA. Specifically, Pace committed to providing \$23 million in various loans and lines of credit to support the transaction, split among different entities (including Clearbeach, Forbes and ultimately, Lagasco). Forbes

became involved for succession planning purposes. It was contemplated that Forbes would acquire certain onshore assets being purchased by Lagasco from Dundee, immediately post-closing.

24. Shortly before the scheduled closing date for Lagasco to purchase Dundee's assets, Pace's operations were taken over by the Ontario regulator of credit unions, the Deposit Insurance Corporation of Ontario (as it was then known; this regulatory role now falls under the Financial Services Regulatory Authority), Pace then did not maintain its commitment to provide a further \$20 million in financing that was required to close the Dundee purchase transaction. The asset purchase was later completed by Lagasco using financing from a different lender, without Forbes' involvement. As a result, Forbes did not acquire any of Dundee's assets, and at present it does not have any employees, operations or tangible assets.

C. The NOI and Receivership Proceedings

25. Pace brought an application for the appointment of a receiver, originally returnable on July 28, 2020. In response to the Pace receivership application, on July 22, 2020, Clearbeach filed a Notice of Intention to make a proposal pursuant to subsection 50.4(1) of the BIA (the "**Clearbeach NOI**"). On July 23, 2020, Forbes also filed a Notice of Intention to make a proposal pursuant to subsection 50.4(1) of the BIA (the "**Forbes NOI**"). Richter is the Proposal Trustee under the Clearbeach NOI and the Forbes NOI.

26. The Proposal Proceedings were intended to provide Clearbeach and Forbes with the time and stability necessary to consider and develop their restructuring options, including a Court-supervised process for the sale of Clearbeach's and Forbes' businesses. A copy of Clearbeach's certification of filing the Clearbeach NOI is attached hereto as **Exhibit "L"** and a copy of Forbes' certification of filing the Forbes NOI is attached hereto as **Exhibit "M"**.

27. By letter dated August 6, 2020 (the “**August 6 Letter**”), I understand that Pace, through its counsel, advised counsel to Clearbeach, Forbes and the Proposal Trustee that Pace would not support a sale process within the Proposal Proceedings and that any such process should be undertaken by a court-appointed receiver. Accordingly, Pace advised that it would move to terminate the Proposal Proceedings and appoint a receiver. A copy of the August 6 Letter is attached as **Exhibit “N”**.

28. By notice of motion dated August 7, 2020, Pace sought an order, among other things:

- (a) declaring the Stay of Proceedings or and any extension thereof terminated;
- (b) appointing BDO Canada Limited (“**BDO**”) as receiver, without security, of all the assets, undertakings and properties of Clearbeach and Forbes acquired for, or used in relation to a business carried on by one or more of Clearbeach and Forbes, pursuant to subsection 243(1) of the BIA and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the proceedings thereunder, the “**Receivership Proceedings**”); and
- (c) in the alternative, appointing BDO as interim receiver, without security, of all the Property pursuant to subsection 47.1(1) of the BIA.

29. Pursuant to an order dated August 20, 2020 (the “**August 20 Order**”) and an accompanying endorsement of the Honourable Madam Justice Dietrich made on consent (the “**August 20 Endorsement**”), the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), among other things:

- (a) consolidated the Proposal Proceedings and the Receivership Proceedings; and

(b) granted a temporary stay of the Proposal Proceedings.

30. A copy of the August 20 Order, together with the August 20 Endorsement, is attached hereto as **Exhibit “O”**.

31. The stay of the Proposal Proceedings under the August 20 Order was intended to provide the Debtors and Pace with an opportunity to discuss an appropriate path forward while maintaining the *status quo*. These discussions included, among other things, the potential satisfaction of Clearbeach’s significant environmental obligations imposed under the *Oil, Gas and Salt Resources Act*, R.S.O. 1990, c. P. 12, as amended (the “**OGSRA**”), O. Reg. 245/97 thereunder and the *OGSRA Provincial Operating Standards Version 2.0* (the “**Operating Standards**”) and enforced by the Ministry of Natural Resources and Forestry (“**MNR**”).

32. On September 23, 2020, Pace issued a Notice of Abandonment stating that it was abandoning the Receivership Proceedings in their entirety (the “**Notice of Abandonment**”). I later came to understand that Pace determined that it would not have BDO take possession of the Property in the Receivership Proceedings as a result of Clearbeach’s environmental obligations and the limited realizable value of Clearbeach’s assets. A copy of the Notice of Abandonment is attached hereto as **Exhibit “P”**.

33. Since the Notice of Abandonment was issued, Clearbeach, Forbes and Pace have agreed to, sought and obtained nine brief stays of the Proposal Proceedings to prevent the immediate deemed bankruptcies of Clearbeach and Forbes and allow for, among other things, continued discussions between the parties. These brief stays were granted pursuant to several endorsements of the Court issued between October 1, 2020 and April 29, 2021 (collectively, the

“**Endorsements**”). Pursuant to the Endorsements, the current stay of the Proposal Proceedings expires on May 20, 2021. Copies of the Endorsements are attached hereto as **Exhibit “Q”**.

IV. FINANCIAL POSITION OF THE APPLICANTS

34. At present, Clearbeach is the only operating company among the Applicants. As previously noted, Forbes does not have any assets or business operations and its only liability is the Forbes Indebtedness. Accordingly, the following discussion will focus on Clearbeach’s financial position.

35. A copy of Clearbeach’s internally prepared unaudited balance sheet as at March 31, 2021 is attached hereto as **Exhibit “R”**.

A. Assets

36. As at March 31, 2021, Clearbeach had total assets with a book value of approximately \$9.8 million. Clearbeach’s primary assets, as of March 31, 2021 comprised of the following:

Asset Type	Value
Current Assets: \$437,204	
Cash	\$225,758
Accounts Receivable	\$101,383
Prepays and Security Deposits	\$110,063
Non-Current Assets: \$9,402,560	
Land, Buildings and Equipment	\$151,000
Well Bond	\$256,000
Related Party Loans	\$1,007,417
PNG Rights	\$7,731,943

Asset Type	Value
Total	\$9,839,764

B. Liabilities

37. As at March 31, 2021, Clearbeach had total liabilities of approximately \$21.7 million, consisting of the following:

Liability Type	Value
Current Liabilities: \$14,999,234	
Accounts Payables and Accruals	\$3,370,621
Clearbeach Pace Loans (net of guarantee payment)	\$7,534,805
CIBC Mortgage	\$66,803
Crich Loan	\$4,027,005
Non-Current Liabilities: \$6,667,999	
Asset Retirement Obligations	\$6,257,999
Shareholder Loan	\$410,000
Total	\$21,667,233

C. Secured Debt

38. As set out above, Clearbeach's and Forbes' primary funded debt obligations consist of amounts owing under the Loan Agreements and the Forbes Loan advanced by Pace. In addition to these obligations, Clearbeach is also indebted to Crich Holdings and Buildings Limited ("**Crich**") in the amount of approximately \$8.6 million and Canadian Imperial Bank of Commerce ("**CIBC**") in the amount of approximately \$66,000. The Crich indebtedness is in respect of loans and

preferred shares supported by a gross overriding royalty and general security agreement in favour of Crich. The CIBC indebtedness is in connection with a mortgage on real property owned by Clearbeach, which is located in Clearville, Ontario.

D. Other Secured Obligations

39. Attached hereto as **Exhibit “S”** are results from searches conducted against the Applicants under the *Personal Property Security Act*, R.S.O. 1990, c. P. 10, as amended (the “**PPSA**”) effective May 3, 2021. In addition to the security granted to Pace and Crich, the PPSA search results disclosed secured obligations of Clearbeach in connection with certain leased vehicles, which have been sold to Eastern. I understand that the PPSA search results also disclose a registration in favour of NRG Corp. I have requested that inquiries be made as to the basis for NRG Corp.’s PPSA registration as I am not currently aware of any indebtedness that Clearbeach may have to NRG Corp.

E. Environmental Obligations

40. As an explorer, developer and producer of oil and gas deposits in Ontario, Clearbeach is subject to a comprehensive scheme of environmental obligations under the OGSRA, the Operating Standards and O. Reg. 245/97. Among other things, these obligations may include:

- (a) the plugging of oil and gas wells that are no longer in use;
- (b) maintaining all work sites in an orderly manner;
- (c) reporting all uncontrolled well flowing, spills, fires or explosions;

- (d) implementing precautions to prevent the wasting, leaking or escaping of oil and gas from natural reservoirs, wells or tanks; and
- (e) certain other reporting and end of life/asset retirement obligations.

41. Clearbeach's compliance with these statutory and regulatory obligations is monitored and enforced by the MNRF. While Clearbeach has historically satisfied its environmental obligations, including its plugging and end of life obligations, it is currently unable to fully do so, and advised the MNRF of this on October 9, 2020.

42. On October 14, 2020 and December 16, 2020, the MNRF issued Inspector's Order I41-20-12920-001 and Inspector's Order I35-20-12935-001 under the OGSRA, respectively (together, the "**Inspector's Orders**"). The Inspector's Orders are in respect of forty-one wells licenced in the names of Clearbeach Resources Inc., ON-Energy Corp. and Liberty, and under the control and management of Clearbeach. In addition to the Inspector's Orders, Clearbeach has several deficiency lists with the MNRF due to certain of its inactive wells and other compliance issues.

43. The deficiencies identified by the MNRF can in some cases be addressed without plugging the wells. The estimated cost to Clearbeach of complying with the Inspector's Orders and the MNRF's current deficiency lists is approximately \$433,000. Clearbeach would like to plug certain of the forty-one wells (three of which have already been plugged), and return others to production and is currently in discussions with the MNRF on these matters. Clearbeach estimates a total future asset retirement obligation of approximately \$12.2 million and intends to plug and remediate wells on an ongoing basis as part of its regular operations once such wells are at the end of their economic life or as required under the OGSRA or the Operating Standards.

F. Royalty Payments and Municipal Tax Obligations

44. In addition to its environmental obligations, Clearbeach has unsecured obligations in the amount of approximately \$2.2 million relating to municipal taxes (\$2 million) and the Royalty Payments (\$200,000). As described above, Clearbeach makes the Royalty Payments to landowners as required pursuant to Clearbeach's contractual arrangements with such landowners as compensation for draining the oil and gas under their properties. Clearbeach has had insufficient funds to make some of the Royalty Payments, resulting in a breach of certain of Clearbeach's lease agreements. Clearbeach currently holds leases on over 1,000 properties, and has remained up to date with payments on most leases. Several landowners have sent letters of default under the leases and are threatening to deny Clearbeach access to certain properties, which would prevent Clearbeach from being able to maintain its wells in accordance with the Operating Standards. Certain municipalities have also threatened enforcement actions for unpaid taxes.

V. CONTINUATION OF THE PROPOSAL PROCEEDINGS UNDER THE CCAA

45. As previously noted, the time to file a proposal in the Proposal Proceedings has elapsed and but for the Endorsements, Clearbeach and Forbes would be deemed bankrupt under the BIA. To permit the Applicants' business to continue operating as a going-concern and allow Clearbeach to meet its ongoing environmental and stewardship obligations while their restructuring options are considered, the Applicants are seeking the breathing space, flexibility and stability afforded by the CCAA. To this end, the Initial Order contemplates the continuation of the Proposal Proceedings under the CCAA.

46. Given the limited realizable value of the Applicants' assets and Clearbeach's significant environmental and stewardship obligations, a deemed bankruptcy in the Proposal Proceedings

would be detrimental to the Applicants' stakeholders. In contrast, a continuation of the Proposal Proceedings under the CCAA will allow the Applicants' to establish a plan for their restructuring that will ensure a going-concern result and the satisfaction of Clearbeach's environmental and stewardship obligations.

47. With the benefit of the flexibility, stability and breathing space provided by the CCAA and the oversight and assistance of the Monitor, the Applicants intend to, among other things:

- (a) continue to operate their business in the ordinary course;
- (b) in consultation with the MNRF, attend to and address Clearbeach's ongoing stewardship obligations, including the Inspector's Orders, in accordance with the OGSRA and the Operating Standards;
- (c) canvass opportunities for the sale of non-material assets and/or a Court-approved sale of the Applicants' business in whole or in part; and
- (d) evaluate the viability of presenting a plan of compromise or arrangement to the Applicants' creditors within the CCAA proceedings.

48. I am advised that the Proposed Monitor supports the Applicants' application to continue the Proposal Proceedings under the CCAA.

VI. RELIEF SOUGHT

A. Stay of Proceedings

49. As set out above, each of Forbes and Clearbeach are in default of certain of their obligations, are facing enforcement action from multiple stakeholders and are currently unable to

satisfy their obligations as they become due. The Applicants require the Stay of Proceedings to maintain the *status quo* and thereby protect the value of the Applicants' business. It would be detrimental to the Applicants' business if proceedings were commenced or continued or rights and remedies were executed against the Applicants. Absent the Stay of Proceedings, the Applicants will not be able to continue to operate their business, and by extension, meet Clearbeach's significant environmental and stewardship obligations.

50. The breathing room afforded by the Stay of Proceedings will permit the Applicants to continue to operate as a going-concern with minimal disruption to their ordinary course business operations. Additionally, the Applicants will be able to explore various strategic alternatives with a view to maximizing stakeholder value, including a sale process.

51. In light of the foregoing, the Stay of Proceedings is in the best interests of the Applicants and their stakeholders. I understand that the Proposed Monitor believes that the Stay of Proceedings is appropriate in the circumstances.

B. Proposed Monitor

52. The proposed Initial Order contemplates that MNP will act as Monitor in the Applicants' CCAA proceedings. I understand that MNP has consented to act as Monitor of the Applicant in the CCAA proceedings if the proposed Initial Order is granted.

53. I understand that a copy of MNP's consent to act as Monitor will be attached to the Pre-Filing Report of MNP to be filed separately with the Court (the "**Pre-Filing Report**").

C. Administration Charge

54. The proposed Initial Order provides for a Court-ordered priority charge over the Property in favour of the Monitor, as well the Monitor's and the Applicants' counsel to secure payment of their respective fees and disbursements incurred in connection with services rendered in respect of the Applicants up to a maximum amount of \$100,000 (the "**Administration Charge**"). The Administration Charge is proposed to rank ahead of and have priority over the Directors' Charge.

55. The Applicants require the expertise, knowledge, and continued participation of the proposed beneficiaries of the Administration Charge during these CCAA proceedings in order to complete a successful restructuring. Each of the beneficiaries of the Administration Charge will have distinct roles in the Applicants' restructuring.

56. The quantum of the Administration Charge was determined by the Applicants, with the assistance of the Proposed Monitor. I believe that the Administration Charge is fair and reasonable in the circumstances. I understand that the Proposed Monitor is also of the view that the Administration Charge is fair and reasonable.

D. Directors' Charge

57. The success of the Applicants' restructuring will only be possible with the continued participation of their respective directors and officers (collectively, the "**Directors and Officers**"). The Directors and Officers have specialized expertise and significant knowledge that cannot be easily replaced, making them essential to the viability of the Applicants' business and the preservation of its value.

58. I am advised by Raj Sahni of Bennett Jones LLP, counsel to the Applicants, and do verily believe that, in certain circumstances, directors and officers can be held liable for the obligations of a company, including obligations of a company owing to government entities, such as unremitted excise, sales, goods and services, and harmonized sales taxes. The Applicants do not maintain insurance policies in respect of the potential liability of the Directors and Officers.

59. The Directors and Officers have expressed their desire for certainty with respect to their potential personal liability if they continue in their current capacities in the proposed CCAA proceedings. Given the potential liabilities and the uncertainty surrounding available indemnities and insurance, the proposed Initial Order contemplates a priority charge in favour of the Directors and Officers up to a maximum amount of \$100,000 (the “**Directors’ Charge**”). The Directors’ Charge would serve as security for the indemnification obligations and potential liabilities the Directors and Officers will face in the CCAA proceedings.

60. The Applicants believe that the Directors’ Charge is fair and reasonable in the circumstances. I understand that the Proposed Monitor is supportive of the Directors’ Charge and its quantum.

E. Cash Flow Forecast

61. With the assistance of the Proposed Monitor, the Applicants have conducted a cash flow analysis to determine the amount required to finance their ordinary course business operations, assuming the Initial Order is granted, over the 13-week period from May 20, 2021, to August 19, 2021 (the “**Cash Flow Forecast**”). I understand that the Cash Flow Forecast will be attached to the pre-filing report of the Monitor.

62. The Cash Flow Forecast demonstrates that if the relief sought under the Initial Order is granted, the Applicants will have sufficient liquidity to meet their ordinary course obligations over the initial period of these proceedings without debtor-in-possession financing.

F. Settlement Approval Order

63. In the course of the Proposal Proceedings, Pace, Clearbeach and Forbes have engaged in discussions regarding, among other things, the Pace Indebtedness, the Pace Security and certain guarantees granted in connection thereto as well as:

- (a) the Receivership Proceedings and the Proposal Proceedings;
- (b) an action commenced by Lagasco and Forbes against Pace in the Ontario Superior Court of Justice under Court File No.: CV-20-00645472-0000 on August 11, 2020 (the “**Lagasco Claim**”); and
- (c) an action Pace commenced against me through the amendment of a Statement of Claim under Court File No.: CV-19-00616388-00CL on February 10, 2021 (the “**Pace/Lowrie Claim**”).

64. These discussions have culminated in the Settlement Agreement. The settlement contemplated by the Settlement Agreement is intended to be a mutually beneficial, cost-effective, full and final settlement of all claims set out in the Lagasco Claim and the Pace/Lowrie Claim and any claims arising out of or in connection therewith. Further, the Settlement Agreement is intended to resolve all of the known and unknown facts and issues in dispute among the Settlement Parties in respect of all of the known and unknown claims that have been or could be commenced or

asserted relating to or arising from the Pace Indebtedness, the Pace Security, the Lagasco Claim, the Pace/Lowrie Claim, the Receivership Application, and the Proposal Proceedings.

65. The principal terms of the Settlement Agreement are as follows:

- (a) the implementation of the Settlement Agreement is conditional upon the granting of the Settlement Approval Order;
- (b) Oil Patch or another entity I may designate (the “**Purchaser**”), shall pay or cause to be paid to Pace the Purchase Price (as defined in the Settlement Agreement) for the purchase of the Pace Indebtedness and the Pace Security, which shall be assigned by Pace to the Purchaser pursuant to an assignment and assumption agreement;
- (c) Pace shall be entitled to retain the estimated aggregate amount of all deposits received and held to date in the accounts of Clearbeach with Pace, free of any claims from Clearbeach or any other party;
- (d) Pace shall transfer all of its right, title and interest in and to any and all shares held by Pace in Tribute Resources Inc. to Clearbeach;
- (e) Pace shall deliver to Clearbeach, Forbes, Lagasco and I, and any affiliates or predecessors of such parties (collectively, the “**Pace Released Parties**”), a release of any and all claims that Pace may have against the Pace Released Parties save and except for certain claims excluded under the Settlement Agreement;

- (f) the Pace Released Parties shall provide to Pace a release of any and all claims that any of them may have against Pace;
- (g) Pace shall provide a consent to the dismissal of the Pace/Lowrie Claim; and
- (h) Lagasco and Forbes shall provide a consent to the discontinuance of the Lagasco Claim.

66. The Applicants believe that the Settlement Agreement is fair and reasonable and in the best interests of the Applicants and its stakeholders given that, among other things:

- (a) it provides a comprehensive and commercially reasonable compromise between the Applicants and Pace in the circumstances;
- (b) it will avoid the potentially extensive and costly litigation of the issues arising from or in connection to the Pace Indebtedness, the Pace Security, the Lagasco Claim and the Pace/Lowrie Claim;
- (c) it will permit the Applicants to focus their efforts on a broad restructuring of their business in the best interests of their stakeholders;
- (d) it will afford the Applicants an opportunity to continue discussions with the MNRF to address Cleabreach's environmental and stewardship obligations; and
- (e) it provides certainty and finality with respect to the issues arising from or in connection to the Pace Indebtedness, the Pace Security, the Lagasco Claim and the Pace/Lowrie Claim.

67. An unexecuted and unredacted copy of the Settlement Agreement is attached hereto as **Confidential Exhibit “A”**. A redacted and unexecuted copy of the Settlement Agreement is attached hereto as **Exhibit “T”**. The unredacted copy of the Settlement Agreement is proposed to be sealed as it contains commercially sensitive and confidential information that if disclosed, could be detrimental to the business and operations of the Applicants and Pace. Additionally, the disclosure of such information will limit the Applicants’ restructuring options and may jeopardize their ability to enter into further settlements with their stakeholders in the course of the CCAA proceedings.

68. I am advised that the Proposed Monitor is supportive of the Settlement Agreement’s approval in the circumstances. In this regard, I understand that the Proposed Monitor will articulate its views on the commercial reasonableness of the Settlement Agreement in the Pre-Filing Report.

VII. CONCLUSION

69. In light of the Applicants’ financial circumstances, Clearbeach’s significant environmental liabilities and the limited realizable value of the Applicants’ assets, I believe that the relief sought pursuant to the Initial Order is reasonable and appropriate in the circumstances. Further, I believe that the relief sought under the Settlement Approval Order is appropriate in the circumstances. Put simply, it offers a comprehensive settlement of all issues related to the Pace Indebtedness, the Pace Security, the Pace/Lowrie Claim and the Lagasco Claim and avoids the extraordinary cost, time and resources that would otherwise be required to resolve such issues to the detriment of the Applicants and their stakeholders.

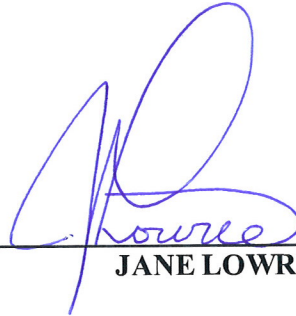
70. I swear this affidavit in support of the of the Applicants’ application for the Initial Order and the Settlement Approval Order and for no other or improper purpose.

SWORN BEFORE ME over)
videoconference on this 17th day of May,)
2021. The affiant was located in the City of)
London, in the Province of Ontario and the)
Commissioner was located in the City of)
Oakville, in the Province of Ontario. This)
affidavit was commissioned remotely as a)
result of COVID-19 and the declaration was)
administered in accordance with Ontario)
Regulation 431/20.)



JOSHUA FOSTER

A Commissioner for Oaths in and for the
Province of Ontario



JANE LOWRIE

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CLEARBEACH RESOURCES INC. AND
FORBES RESOURCES CORP.**

Court File No.: CV-21-00662483-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings Commenced in Toronto

**AFFIDAVIT OF JANE LOWRIE
(Sworn May 17, 2021)**

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario
M5X 1A4

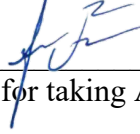
Richard Swan (LSO# 32076A)
Raj Sahni (LSO# 42924U)

Tel: 416-863-1200
Fax: 416-863-1716

Lawyers for the Applicants

TAB C

THIS IS **EXHIBIT "C"** REFERRED TO IN THE
AFFIDAVIT OF JANE LOWRIE,
SWORN BEFORE ME THIS 21st DAY OF JUNE, 2021.



A Commissioner for taking Affidavits, etc.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

B E T W E E N:

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

- and -

**CLEARBEACH RESOURCES INC., FORBES RESOURCES CORP. and
EASTERN OIL FIELD SERVICES LTD.**

Respondents

AFFIDAVIT OF MARK EMERY

(Sworn January 12, 2021)

I, **MARK EMERY**, of the City of London in the Province of Ontario **MAKE OATH AND SAY:**

1. I am the Compliance Supervisor in the Petroleum Operations Branch of Ontario's Ministry of Natural Resources and Forestry ("**MNRF**"). I have held this position for approximately six and a half years. Previously, I was employed as a Partnership Specialist with MNRF's Aylmer District office where I delivered natural resource management programs through the assistance of community partnerships. My career has spanned 31 years with the ministry.
2. As a Compliance Supervisor, I am responsible for the direct supervision of six Petroleum Inspectors to ensure compliance with the Oil, Gas and Salt Resources Act ("**OGSRA**"). This includes overseeing inspections and audits of Clearbeach Resources Inc., which is one of the largest operators in our regulated community.

3. As such, I have knowledge of the matters hereinafter deposed to. Where in this affidavit I have indicated I have received information from others, I have identified the source of the information and I believe the information to be true.

A. Active oversight is required to safely operate a well

4. Petroleum “wells” are holes in the ground whether completely drilled or in the process of being drilled for a purpose as defined in s.1 of the OGSRA including production of oil or gas.

5. Petroleum “works”, as defined in s.1 of the OGSRA include wells, pipelines, storage tanks, pressure vessels, separators, storage and treatment facilities, and other structures or equipment used in association with the production of oil or natural gas from a well.

6. Traversing multiple private and public properties, these wells and works must be subject to regular and proactive oversight to ensure that they operate safely.

7. This principle is reflected in s. 5.14 of the Oil, Gas and Salt Resources of Ontario Provincial Operating Standards¹, which requires operators to visually examine all works that are not suspended in accordance with s. 5.15 of the standards on a weekly basis for leaks or spills, damage, and any unsafe conditions.

¹ The Standards are accessible here: <https://www.ontario.ca/document/oil-gas-and-salt-resources-ontario-provincial-operating-standards>. They are incorporated by reference into O.Reg. 245/97 made under the *Oil, Gas and Salt Resources Act* (see subs.17(5) of the Act and subs. 2(1) of the Regulation).

8. Where concerns are identified, they must be addressed promptly through, among other potential responses, appropriate repairs, a shut-down, or plugging. Other ministries or agencies may have regulatory oversight of these operations (e.g., the Ministry of the Environment, Conservation and Parks and the Technical Standards and Safety Authority) with respect to spills, leaks, and distribution pipelines.
9. Operators under the OGSRA have weekly, monthly, semi annual and annual administrative and operational responsibilities that require an in-depth knowledge of wells, works and associated volumes produced or injected.
10. Operators are also required to provide examiner reports, annual reports, testing reports and mechanical testing reports in support of these administrative requirements, some of which have legislated deadlines that must be met.
11. Where works are not actively monitored and maintained, they represent a risk to the environment, as well as to human health and safety.
12. Oil and natural gas wells penetrate the subsurface geological layers that isolate subsurface fluids and hydrocarbons from fresh ground water sources and the natural environment above the bedrock.
13. Oil and gas wells are human-made hazards that can have unpredictable consequences and that it may be difficult to fully quantify the effects on public safety and the environment. This is even more prevalent with oil and gas wells that have not been maintained and have been inactive for considerable periods of time.

14. These unmaintained and/or inactive oil and gas wells pose greater risks to public safety and the natural environment due to an increased possibility of an event, accident or vandalism that would go undetected due the lack of daily monitoring and continued maintenance.
15. More generally, wells are constructed primarily of cement and metal casings. If cracking cement or corroding metal is not identified and addressed promptly, oil or gas may leak from the well into the surrounding air, land and/or water (including groundwater).
16. Leaks also occur when wells and works are damaged by third parties that are using a landowner's property, e.g., hunters, vandalism, etc., which can occur whether the wells are shut in, or not.
17. Such a leak or other third party damage could pollute the natural environment and has the potential to compromise human health and safety by, for example, the release of dangerous gases (which pose threats of combustion, explosions and toxicity) or the contamination of drinking water.

B. Landowners are not an effective means of ensuring regulatory compliance

18. Clearbeach operates over 400 oil and gas wells. The wells are operated on private property pursuant to leases. Many of the wells are located on farmland.
19. There is a risk of environmental contamination and harm to human health and safety if the only parties responsible for ensuring the wells are operated safely and in compliance with the law are the owners of the property on which they operate.

20. The operation of petroleum wells requires experience and expertise. However, the landowners have no connection to the wells and works other than as lessors.
21. Most landowners are unlikely to have the equipment or financial resources to comply with the regulatory obligations applicable to an operator. Nor should they be expected to, without having ownership of the assets or an ability recover funds from the operation of the wells or the proceeds from a future sale.
22. Limiting MNRF's enforcement to the landowners will compromise its existing regulatory orders. Clearbeach and Jane Lowrie are subject to two Inspector's Orders requiring the plugging of 41 wells, which inspectors have concluded either represent a hazard to the public and/or the environment, and/or which have been inactive for a period greater than twelve months. The compliance deadlines established by the inspectors reflect the level of risk.
23. If landowners are deemed responsible for these wells and works, compliance will be delayed and uncertain because: MNRF will need to identify and contact the relevant landowners; there is no assurance of a response from them; the landowners will require time to understand their obligations; and landowners will require time to obtain the resources required to comply. In the meantime, the hazardous wells will remain unplugged and there will be a greater risk of environmental contamination and harm to public health and safety.
24. Landowners are not likely to be aware of their obligations in relation to the oil and gas wells on their properties, including the reporting requirements, much less be in a position to comply with them.

25. Landowners are also not likely to have the certification required to carry out activities, including repairs, associated with the maintenance of oil and gas wells.
26. Further, landowners do not have the authority to enter, work on, or engage in any activity on a well under the current licences issued to Clearbeach, nor do they have the experience or expertise to carry out this remedial work.
27. The risk posed by the situation will not be lessened through MNR's Abandoned Works Program ("AWP"). While the AWP provides for the plugging of oil and gas wells which pose a threat to public safety and/or the environment on behalf of landowners, it does so only in limited circumstances as a non-legislated program of the ministry.
28. An oil or natural gas well will only qualify for plugging under the AWP, if:
 - (a) the landowner hasn't used, benefited from, or tampered with the well;
 - (b) the well is visible from the surface; and
 - (c) there is no other current "operator".
29. The AWP is also subject to limited funding from the Ontario government, receiving between \$1 million to \$3 million annually.
30. Even if a landowner is eligible under the AWP, there is no guarantee that the well will be plugged, much less that it will be plugged in a timely manner. Plugging under the AWP, which is carried out by private contractors, is prioritized based on the level of risk and the annual funding allocation.

31. There is a high variability of well conditions and degrees of difficulty associated with plugging. Due to several factors, the cost of plugging a petroleum well varies widely and can range from \$30,000 to upwards of a million dollars.

32. I swear this affidavit in support of Ontario's response to the motions returnable in this proceeding on January 14, 2021 and for no other or improper purpose.

SWORN BEFORE ME by video conference)
In accordance with O. Reg. 431/20 from)
the City of London to the City of Toronto)
in the Province of Ontario)

on January 12, 2021



A Commissioner for Taking Affidavits
in the Province of Ontario



-

MARK EMERY

Pace Savings & Credit Union Limited
Applicant

- and -

Clearbeach Resources Inc. et al
Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT OF MARK EMERY

(Sworn January 12, 2021)

ATTORNEY GENERAL FOR ONTARIO

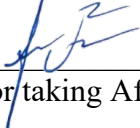
Crown Law Office – Civil
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Toronto, ON M7A 2S9

Ananthan Sinnadurai
LSO No. 60614G
ananthan.sinnadurai@ontario.ca

Counsel to the respondent,
Her Majesty the Queen in right of Ontario

TAB D

THIS IS **EXHIBIT "D"** REFERRED TO IN THE
AFFIDAVIT OF JANE LOWRIE,
SWORN BEFORE ME THIS 21st DAY OF JUNE, 2021.



A Commissioner for taking Affidavits, etc.

GROSS OVERRIDING ROYALTY AGREEMENT

THIS AGREEMENT made effective the 16th day of November, 2018, between:

CLEARBEACH RESOURCES INC.,
a corporation incorporated under the laws of the Province of Ontario
("Clearbeach")

- and -

CRICH HOLDINGS AND BUILDINGS LIMITED,
a corporation incorporated under the laws of the Province of Ontario
("Crich")

RECITALS:

- A. Crich has sold its 10,500 common shares in the capital of Lagasco to Limberlost Wind Corp. ("Limberlost") for the amount of \$315,000.00 and Dicitur Holdings Limited has sold its 2,625 common shares in the capital of Lagasco to Limberlost for the amount of \$78,750.00 effective September 26, 2018 (the "Share Purchase"). The monies owing to Crich from Limberlost as a result of the Share Purchase were evidenced by promissory notes executed and delivered by Limberlost in favour of Crich and Dicitur Holdings Limited dated effective September 26, 2018 (the "Limberlost Loan");
- B. Clearbeach converted Crich's 50 Class A shares in the capital of Clearbeach for 4,306,250 Class A special shares in the capital of Clearbeach effective September 26, 2018. In addition, Crich agreed to sell to Clearbeach for \$300,000.00 all of Crich's directly held oil and gas production in consideration of 300,000 Class A special shares in the capital of Clearbeach effective September 26, 2018 (the 300,000 Class A special shares and the 4,306,250 Class A special shares, being a total of 4,606,250 Class A special shares held by Crich, are hereinafter referred to as the "Special Share Obligations");
- C. Crich's shareholder loan to Clearbeach in the amount of \$1,400,000.00 is presently outstanding (the "Shareholder Loan");
- D. Crich has made a loan in the principal amount of \$5,500,000.00 to Clearbeach to assist with the purchase by Lagasco of the assets in Dundee Energy Limited Partnership ("Dundee") which loan was evidenced by a promissory note from Clearbeach in the principal amount of \$5,500,000.00 executed and delivered by Clearbeach in favour of Crich dated effective October 12, 2018, all pursuant to the terms of a loan agreement dated October 12, 2018 (the "Loan");
- E. Clearbeach advanced the \$5,500,000.00 to Lagasco in order to assist Lagasco in purchasing the assets of Dundee (the "Dundee Transaction"), said advance being evidenced by a loan agreement executed by Lagasco and Clearbeach dated November 7, 2018, and such loan agreement has been assigned to Crich as of the date hereof (the "Clearbeach Loan Agreement"), such assignment was evidenced by a promissory note from Lagasco in the principal amount of \$5,500,000.00 executed and delivered by Lagasco (the "Lagasco Promissory Note");
- F. Upon the assignment of the Clearbeach Loan Agreement, Lagasco has agreed to execute and deliver a promissory note from Lagasco in the principal amount of \$5,500,000.00 in favour of Crich (the "Lagasco Promissory Note");

G. Clearbeach, together with other parties, have provided a guarantee in favour of Crich for the Limberlost Loan, the Special Shares Obligations, the Shareholder Loan, the Loan, together with all other obligations contained in the memorandum of agreement dated September 25, 2018, as amended (the "MOA"), said guarantee dated even date herewith (the "Guarantee");

H. The Limberlost Loan, the Special Share Obligations, the Shareholder Loan, the Loan, the Clearbeach Loan Agreement/the Lagasco Promissory Note, the Guarantee and all other obligations in the MOA are hereinafter collectively referred to as the "Obligations";

I. As security for the Obligations, Clearbeach has agreed to execute this Agreement in favour of Crich such that Crich has a security interest in the Off-Shore Royalty Lands (as hereinafter defined) and On-Shore Royalty Lands (as hereinafter defined) in accordance with the terms and premises of this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises, mutual covenants and agreements herein after set forth and contained, the parties hereto do hereby covenant and agree as follows:

1. **Interpretation**

1.1 In this Agreement, including the recitals and the Schedule, unless the context otherwise requires, or unless otherwise defined herein, the following terms and expressions shall have the following meanings, namely:

- (a) "Closing Date" means November 16, 2018;
- (b) "complete" or "completed" means, in respect of a Well, the installation in, on, or with respect to a Well of all such production casing, tubing and wellhead equipment and all such other equipment and material necessary for the permanent preparation of the Well for the taking of petroleum substances therefrom up to and including the outlet valve on the wellhead and includes, as necessary, the perforating, stimulating, treating, fracturing and swabbing of the Well and the conduct of such production tests with respect to such Well as are reasonably required to establish the initial producibility of the Well.
- (c) "Lien" has the meaning ascribed in Section 2.5 hereof;
- (d) "natural gas" means a mixture containing methane, other paraffinic hydrocarbons, nitrogen, carbon dioxide, hydrogen sulphide, helium and minor impurities, or some of them, which is recovered or is recoverable at a Well from an underground reservoir and which is gaseous at the conditions under which its volume is measured or estimated, inclusive of all other products and condensate (excluding petroleum) necessarily produced in connection therewith;
- (e) "overriding royalty" means the Off-Shore Royalty and On-Shore Royalty granted by Clearbeach to Crich pursuant to Section 2.1 hereof;
- (f) "party" means a person, firm or corporation bound by this Agreement;

- (g) "petroleum" means a mixture mainly of pentanes and heavier hydrocarbons that may be contaminated with sulphur compounds, that is recovered or is recoverable at a Well from an underground reservoir and that is liquid at the conditions under which its volume is measured or estimated and excludes condensate;
 - (h) "petroleum substances" means petroleum, natural gas and related hydrocarbons and every other mineral or substance produced in association therewith;
 - (i) "Off-Shore Royalty Lands" means any off-shore lands wherein Clearbeach has or acquires a right to petroleum substances by virtue of the Title Documents or otherwise including those lands set forth and described under that title in Schedule "A" attached hereto;
 - (j) "On-Shore Royalty Lands" means any on-shore lands wherein Clearbeach has or acquires a right to petroleum substances by virtue of the Title Documents or otherwise including those lands set forth and described under that title in Schedule "B" attached hereto;
 - (k) "spacing unit" shall have the meaning ascribed thereto in the *Oil, Gas and Salt Resources Act, R.S.O. 1990, c.P.12* and the regulations made thereunder;
 - (l) "Title Documents" means the documents described under that title in Schedule "A" attached hereto and any and all petroleum substances leases and grants and other leases or conveyances of a right to petroleum substances found within, upon or under the Off-Shore Royalty Lands and On-Shore Royalty Lands, or any part thereof, in favour of Clearbeach and acquired by Clearbeach at any time before or after the Closing Date; and
 - (m) "Well" means a hole in the ground drilled and completed by Clearbeach as "operator" within the meaning of the *Oil, Gas and Salt Resources Act, R.S.O. 1990 c.P12, as amended*, on lands described and held by Lagasco under one of the Title Documents.
- 1.2 Schedule "A" and Schedule "B" are attached to, and form part of and are incorporated in this Agreement.
- 1.3 The headings of the clauses of this Agreement and the Schedules attached hereto are inserted for convenience of reference only and shall not affect the meaning, interpretation or construction thereof.
- 1.4 Wherever any term or condition, whether expressed or implied, of any Schedule attached hereto conflicts with or is at variance with any term or condition of this Agreement, the latter shall prevail.
2. **Overriding Royalty**
- 2.1 (a) As general and continuing security for the Obligations, Clearbeach hereby grants unto Crich a gross overriding royalty equal to 10% of all petroleum substances produced, saved and marketed or allocated to or deemed to have been produced by Clearbeach from the Off-Shore

Royalty Lands (the "Off-Shore Royalty"), until such time as Clearbeach has paid and satisfied, in full, the Obligations.

The Off-Shore Royalty shall be calculated at 10%, of the quantity (if taken in kind) or the gross proceeds of sale of all petroleum substances produced or allocated to or deemed to have been produced by Clearbeach from the Off-Shore Royalty Lands. Notwithstanding anything else contained herein, the Off-Shore Royalty shall only be paid to Crich upon delivery of a notice by Crich to Clearbeach indicating that there has been a default in the Obligations. From and after the time Crich has provided the notice as aforesaid, the Off-Shore Royalty shall be paid to Crich until such time as the Obligations have been fully discharged and satisfied. Crich hereby acknowledges that from and after the date that the Obligations are fully discharged and satisfied, the Off-Shore Royalty provided herein shall cease and Crich shall have no further interest in the Off-Shore Royalty Lands and the petroleum substances produced therefrom.

(b) As general and continuing security for the Obligations, Clearbeach hereby grants unto Crich a gross overriding royalty equal to 15% of all petroleum substances produced, saved and marketed or allocated to or deemed to have been produced by Clearbeach from the On-Shore Royalty Lands (the "On-Shore Royalty"), until such time as Clearbeach has paid and satisfied, in full, the Obligations.

The On-Shore Royalty shall be calculated at 15%, of the quantity (if taken in kind) or the gross proceeds of sale of all petroleum substances produced or allocated to or deemed to have been produced by Clearbeach from the On-Shore Royalty Lands. Notwithstanding anything else contained herein, the On-Shore Royalty shall only be paid to Crich upon delivery of a notice by Crich to Clearbeach indicating that there has been a default in the Obligations. From and after the time Crich has provided the notice as aforesaid, the On-Shore Royalty shall be paid to Crich until such time as the Obligations have been fully discharged and satisfied. Crich hereby acknowledges that from and after the date that the Obligations are fully discharged and satisfied, the On-Shore Royalty provided herein shall cease and Crich shall have no further interest in the On-Shore Royalty Lands and the petroleum substances produced therefrom.

2.2 Unless Crich elects to take an overriding royalty in kind pursuant to Section 2.3 herein:

- (a) Clearbeach shall sell or cause to be sold the overriding royalty share of petroleum substances of Crich at the same price and on the same terms as Clearbeach receives for its own share of such petroleum substances or at such price as Clearbeach, acting as a reasonably prudent operator and having regard to current market prices, availability of markets and economic conditions affecting the industry generally, would dispose of its own share of petroleum substances but, if Clearbeach sells the petroleum substances at less than current market value (including any transactions which are not at arm's length or any transaction invoking any arrangement from which Clearbeach obtains a collateral advantage), then Clearbeach shall be conclusively deemed to have sold Crich's overriding royalty share of petroleum substances at current market value;
- (b) the overriding royalty shall be calculated on the proceeds of sale of the petroleum substances. There shall be no other deductions whatsoever from the proceeds of sale of the petroleum substances in calculating the overriding royalty;

- (c) Clearbeach shall receive and hold in trust the proceeds representing Crich's overriding royalty from the sale of petroleum substances and remit same to Crich as required hereunder; and
 - (d) payment of the overriding royalty shall be made in immediately available funds and is payable on the last day of the month following the month in which the petroleum substances to which such amount relates were produced and marketed or deemed to have been produced from or allocated to the Off-Shore Royalty Lands and On-Shore Royalty Lands, to Crich at its address for notices as hereinafter provided.
- 2.3 Crich shall have the right to take in kind or separately dispose of, at its own expense, one or more of its overriding royalty shares of the petroleum substances. Such right shall only be exercised on: (i) thirty (30) days' written notice to Clearbeach in the case of petroleum; and (ii) sixty (60) days' notice to Clearbeach in the case of natural gas. Crich may cease to take in kind any petroleum substances upon giving Clearbeach the same minimum notice as required in order to permit Crich to take in kind as aforesaid.
- 2.4 If Crich elects to take an overriding royalty share of the petroleum substances in kind pursuant to Section 2.3 herein, then:
 - (a) in the case of petroleum and other petroleum substances in a liquid state at the point of production, Clearbeach, at its sole cost, shall remove basic sediment and water from Crich's overriding royalty share of petroleum substances and shall at the request of Crich provide free production tankage for not more than one month's accumulation of the production of such petroleum substances and transport and deliver same free of charge to Crich at the tank outlets in accordance with usual and customary shipping practices; and
 - (b) in the case of natural gas and other petroleum substances in a gaseous state at the point of production, Clearbeach shall deliver Crich's overriding royalty share at the wellhead.
- 2.5 If Clearbeach comprises more than one party, Clearbeach's obligations and liabilities to Crich herein shall be joint and several.
- 2.6 The overriding royalty and any interest accruing thereon, if any, shall be secured by a first charge and security interest (the "Lien") on the Interest of Clearbeach in the Off-Shore Royalty Lands and/or On-Shore Royalty Lands, as applicable, and in the petroleum substances within, upon or under the Off-Shore Royalty Lands and On-Shore Royalty Lands or produced from, deemed to have been produced from or allocated to the Off-Shore Royalty Lands and On-Shore Royalty Lands, and the Wells and equipment thereon:
 - (a) treat the default as an immediate and automatic assignment to Crich of the proceeds of the sale of Clearbeach's share of the petroleum substances produced from, deemed to have been produced from or allocated to the Off-Shore Royalty Lands and On-Shore Royalty Lands and require the purchaser of Clearbeach's share of the petroleum substances to make payment therefor to Crich while the default continues; and

- (b) take possession of all or any part of the interest of Clearbeach in the Off-Shore Royalty Lands and On-Shore Royalty Lands or in all or any part of the production of petroleum substances produced from, deemed to have been produced from or allocated to the Off-Shore Royalty Lands and On-Shore Royalty Lands or the equipment thereon; and Crich may sell and dispose of any such interest, production or equipment of which he has so taken possession either in whole or in part, in separate parcels at public auction or by private tender, at such times and on whatever terms it shall arrange, having first given notice to Clearbeach of the time and place of the sale. The proceeds of the sale shall be first applied by Crich in payment of the overriding royalty which is owing to Crich, and any balance remaining shall be paid to Clearbeach after deducting reasonable costs of the sale including, without limitation, losses incurred in making the petroleum substances marketable and any transportation costs. Any sale made as aforesaid shall be a perpetual bar both at law and in equity against Clearbeach and its assigns and against all other persons claiming the Off-Shore Royalty Lands and On-Shore Royalty Lands or any part or parcel thereof sold as aforesaid by, from, through or under Clearbeach or its assigns.
- 2.7 Service of a copy of this Agreement upon any purchaser of petroleum substances together with written notice from Crich shall constitute written authorization on the part of Clearbeach for such purchaser to pay Crich the proceeds from any sale or sales of the share of petroleum substances of Clearbeach up to the amount owed to Crich by Clearbeach, and such purchaser is authorized to rely upon the statement of Crich as to the amount owed to Crich by Clearbeach. The books and records kept by Crich shall constitute written proof of the existence of such default, although no purchaser shall be obliged to examine the same before acting upon such notice of default.
- 2.8 At the same time as the payment pursuant to Section 2.2(d) is due or would have been due if Crich had not taken the overriding royalty share in kind, Clearbeach shall forward to Crich a written statement of Crich's overriding royalty share due to it for the production in the month concerned showing production, inventories, sales and deliveries in kind to Crich, if any; and the said statement shall be conclusive of the amount thereof unless Crich objects thereto by notice in writing specifying the particulars of any error or deficiency therein within twenty-four (24) months after the end of the calendar year in which the said statement was received. If Clearbeach fails at any time to pay on time to Crich the overriding royalty, then Clearbeach shall pay interest thereon from the date due until paid at a rate equal to the annual rate of interest announced from time to time by the Canadian Imperial Bank of Commerce as its reference rate for Canadian dollar commercial loans in Canada plus two percent (2%), compounded monthly.
- 2.9 Clearbeach shall keep and maintain in the Province of Ontario at all times during the term hereof true and accurate books, statements, records and accounts evidencing the nature and extent of all operations conducted on the Off-Shore Royalty Lands and On-Shore Royalty Lands, the quantity of petroleum substances produced from the Off-Shore Royalty Lands and On-Shore Royalty Lands and the disposition thereof. Clearbeach shall permit Crich to inspect such records during normal business hours to make extracts or copies thereof and at all times permit Crich to ascertain the quantity, kind and nature of the petroleum substances produced or taken from any Well located on the Off-Shore Royalty Lands and On-Shore Royalty Lands and the costs associated with such production and to gauge tanks and quantities of petroleum substances in storage and view operations on the Off-Shore Royalty Lands and On-Shore Royalty Lands.

- 2.10 Crich may transfer or assign its overriding royalty interest hereunder in whole or in part.
- 2.11 Clearbeach shall not transfer, sell or assign any part of its interest in or to the Wells, the Off-Shore Royalty Lands and On-Shore Royalty Lands and the petroleum substances therein without the express written consent of Crich, except in accordance with this Agreement. Notwithstanding the foregoing, Crich agrees that Clearbeach may transfer, sell and assign any part of its interest in or to the Wells, the Off-Shore Royalty Lands or On-Shore Royalty Lands to Raymond MacLeod or an entity controlled by him or a family member (the "MacLeod Transaction"), provided that: (i) Crich receives notice of and approves in writing the substantive terms of the MacLeod Transaction; and (ii) Clearbeach remits one half of the net sale proceeds from the MacLeod Transaction to Crich on the date of closing of the MacLeod Transaction.
- 2.12 With the written consent of Crich, Clearbeach shall be entitled to pool all or part of the Off-Shore Royalty Lands or On-Shore Royalty Lands (but not unitize) with any other lands for the purpose of creating a spacing unit for production of the petroleum substances. Upon any such pooling, the overriding royalty shall be paid and calculated on a surface acreage in respect of any portion of the Off-Shore Royalty Lands and On-Shore Royalty Lands so pooled.
- 2.13 Clearbeach shall not include the Off-Shore Royalty Lands and On-Shore Royalty Lands or any part or parts thereof in a unit agreement without the written consent of Crich. Execution by Crich of the applicable unit agreement (if required) shall be deemed to be such consent.
- 2.14 Clearbeach shall not discriminate against the petroleum substances produced or producible from the Off-Shore Royalty Lands and On-Shore Royalty Lands in the production and marketing thereof because they are subject to the overriding royalty including, without limited the generality of the foregoing, using, directly or indirectly, a different person, firm or corporation for the purposes of producing petroleum substances.

3. **Taxes**

- 3.1 Clearbeach shall be responsible for the payment of all taxes (excluding income taxes payable by Crich on the gross overriding royalty payments received by same) levied against the Off-Shore Royalty Lands and On-Shore Royalty Lands or production therefrom.

4. **Surrender, Expiration, Abandonment or Release**

- 4.1 Other than with respect to non-producing wells which are to be plugged in the ordinary course of business, Clearbeach shall not surrender, let expire, abandon or release any of its interest in the Off-Shore Royalty Lands and On-Shore Royalty Lands and that portion of the Title Documents relating thereto, in whole or in part, at any time that Crich is receiving or is entitled to receive the overriding royalty herein unless Crich consents thereto in writing.

5. **Other Encumbrances**

- 5.1 If the interest of Clearbeach in the Off-Shore Royalty Lands and On-Shore Royalty Lands now is or hereafter shall become encumbered by any royalty, production payment or other charge of a similar nature, such royalty, production payment or other charge shall be charged to and paid entirely by Clearbeach and shall not be included in any calculation of the amount of Crich's overriding royalty share of petroleum substances or proceeds therefrom.

6. Indemnification

6.1 Clearbeach will, with respect to activities provided in this Agreement:

- (a) be liable to Crich for all losses, damages, costs and expenses that Crich may suffer, sustain, pay or incur; and**
- (b) indemnify and hold harmless Crich, its affiliates and the respective directors, officers and employees of Crich and its affiliates from and against all losses, damages, costs and expenses that may be brought against or suffered by them or that they may sustain, pay or incur,**

provided that Clearbeach's obligations under this Section 6.1 will apply only insofar as the losses, damages, costs and expenses contemplated herein are a result of: (i) any act, omission or failure to act (whether negligent or otherwise) of Clearbeach, any of its affiliates or the respective directors, officers, employees, agents or contractors of Clearbeach's or any of its affiliates with respect to operations or activities conducted by Clearbeach or on its behalf hereunder; (ii) a breach of a provision herein by Clearbeach, any of its affiliates or the respective directors, officers, employees, agents or contractors of Clearbeach or any of its affiliates; or (iii) the gross negligence or willful misconduct of Clearbeach, any of its affiliates or the respective directors, officers, employees, agents or contractors of Clearbeach or any of its affiliates.

7. Notices

7.1 All notices, reports and other communications required or permitted hereunder shall be in writing and shall be deemed to have been properly given and delivered when delivered personally or sent from a point in Canada by email to the party at its address as follows:

Clearbeach:
Clearbeach Resources Inc.,
Attention: Jane Lowrie
2807 Woodhull Road
London, Ontario, N6K 4S4
Email: jlowrie@tributerresources.com

Crich:
c/o Crich Holdings and Buildings Limited
Attention: Jamie Crich and Karen Crich
560 Wellington Street
London, Ontario, N6A 3R4
Email: jcrich@auburndev.com; and
kcrich@auburndev.com

7.2 Any notice, report or communication personally delivered or sent by email shall be deemed given and received by the addressee when actually received by it within the normal working hours of a business day or at the commencement of the next ensuing business day following transmission thereof, whichever is the earlier.

7.3 Any party may change its address for the purposes hereof by notice to the other party, served as aforesaid.

8. Miscellaneous

8.1 This Agreement shall continue until terminated in accordance with Section 2.1 or by the mutual agreement of the parties.

- 8.2 All terms, covenants and conditions in this Agreement shall run with and are binding upon the Off-Shore Royalty Lands and On-Shore Royalty Lands and the overriding royalty is and shall be conclusively deemed to be an interest in the Off-Shore Royalty Lands and On-Shore Royalty Lands and all estates derived therefrom for the duration of this Agreement.
- 8.3 This Agreement supersedes and replaces all previous agreements, whether written or oral, memoranda and correspondence among the parties with respect to the subject matter of this Agreement.
- 8.4 Should any clause, provision or condition of this Agreement become illegal or unenforceable, it shall be considered separate and severable from this Agreement and the remaining provisions and conditions shall continue in full force and be binding upon the parties hereto as though the said clause, provision or condition had never been included.
- 8.5 The parties hereto hereby covenant, so long as this Agreement is in full force and effect, to comply with any and all regulations and all the laws of the land with respect to anything done, or purported to be done, pursuant to this Agreement and with respect to the operations carried out hereunder.
- 8.6 No waiver by any party of any term of this Agreement shall take effect or be binding upon that party unless the same be expressed in writing and any waiver so given shall extend only to the particular breach so waived and shall not limit or affect any rights with respect to any other future breach.
- 8.7 The terms, covenants and conditions of this Agreement shall extend and enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and permitted assigns, as the case may be.
- 8.8 Time is of the essence of this Agreement.
- 8.9 This Agreement shall be construed in accordance with the laws of the Province of Ontario and the Courts having exclusive original jurisdiction with respect to any matter or thing arising directly or indirectly relating to this Agreement shall be the Courts of the Province of Ontario and each of the parties hereto hereby irrevocably attorns to the jurisdiction of the Courts of Ontario.
- 8.10 This Agreement may be executed in as many counterparts as are necessary and all executed counterparts together shall constitute one agreement. This Agreement may be executed by facsimile and if so executed the Agreement shall be binding on such party as if executed in the presence of the other. Where executed by facsimile execution the party shall deliver an originally executed copy of the Agreement to the other party as soon as reasonably possible following such execution.

SIGNATURE PAGE IS NEXT PAGE.

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement as of the day and year first above written.

CLEARBEACH RESOURCES INC.

Per: 

Jane Lowrie, Authorized Officer

"I have the authority to bind the Corporation"

CRICH HOLDINGS AND BUILDINGS LIMITED

Per: 

James J. Crich, Authorized Officer

"I have the authority to bind the Corporation"

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CLEARBEACH RESOURCES INC. AND
FORBES RESOURCES CORP.**

Court File No.: CV-21-00662483-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings Commenced in Toronto

**AFFIDAVIT OF JANE LOWRIE
(Sworn June 21, 2021)**

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario
M5X 1A4

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Lawyers for the Applicants

TAB 3

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE) WEDNESDAY, THE 14th
JUSTICE GILMORE) DAY OF JULY, 2021
)

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CLEARBEACH RESOURCES INC. AND FORBES RESOURCES
CORP.**

Applicants

APPROVAL AND VESTING ORDER

THIS MOTION, made by Clearbeach Resources Inc. ("**Clearbeach**") and Forbes Resources Corp. ("**Forbes**" and together with Clearbeach, the "**Applicants**" and each an "**Applicant**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an order, among other things: (i) approving the transactions (the "**Transactions**") contemplated by the Share Purchase Agreement (the "**SPA**") between Clearbeach and Oil Patch Services Inc. (the "**Purchaser**") dated June [●], 2021 and attached as Exhibit "A" to the affidavit of Jane Lowrie sworn June 21, 2021 (the "**Lowrie Affidavit**"); (ii) adding [●] Ontario Inc. ("**ResidualCo**") as an Applicant to these CCAA proceedings (the "**CCAA Proceedings**"); (iii) transferring and vesting all of Clearbeach's right, title and interest in and to the Excluded Assets (as defined in the SPA) in ResidualCo; (iv) releasing and discharging Clearbeach from and in respect of, and transferring and vesting all of the Excluded Contracts and Excluded Liabilities (each as defined in the SPA) in and to ResidualCo; (v) cancelling and extinguishing all equity interests in Clearbeach other than the issued and outstanding common

shares thereof; (vi) authorizing and directing Clearbeach to issue the New Common Shares (as defined in the SPA), and vesting in the Purchaser all right, title and interest in and to the New Common Shares; (vii) effecting the Consolidation and Cancellation (as defined in the SPA); (viii) authorizing and directing MNP Ltd. (“MNP”) to file an assignment in bankruptcy for and on behalf of ResidualCo; (ix) concluding the CCAA Proceedings and discharging and releasing the Monitor at the Effective Time (each as defined below) with respect to Clearbeach; (x) approving the fees and activities of the Monitor and its counsel; and (xi) granting certain related relief, was heard this day via video conference as a result of the COVID-19 pandemic.

ON READING the Notice of Motion, the Lowrie Affidavit and the exhibits thereto, the Second Report of MNP, in its capacity as the Court-appointed monitor of the Applicants under the CCAA (in such capacity, the “**Monitor**”), dated [●], 2021 (the “**Second Report**”) and the appendices thereto, and on hearing the submissions of counsel to the Applicants, the Monitor, and such other counsel appearing on the counsel slip, no one appearing for any other party although duly served as appears from the affidavit of service of Joshua Foster sworn June 22, 2021:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the Second Report is hereby abridged and validated such that this Motion is properly returnable today and hereby dispenses with further service thereof.

DEFINITIONS

2. **THIS COURT ORDERS** that all capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the SPA or the Initial Order of this Court in the CCAA Proceedings dated May 20, 2021 (as amended and restated, the “**Initial Order**”), as applicable.

APPROVAL AND VESTING

3. **THIS COURT ORDERS AND DECLARES** that the SPA and the Transactions be and are hereby approved, including for greater certainty the issuance of the New Common Shares to the Purchaser as fully paid and non-assessable shares, and the execution of the SPA by Clearbeach

is hereby authorized and approved, with such minor amendments as the parties thereto may deem necessary, with the approval of the Monitor. Clearbeach is hereby authorized and directed to perform its obligations under the SPA and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transactions, including the Reorganization Transactions and the issuance of the New Common Shares to the Purchaser.

4. **THIS COURT ORDERS AND DECLARES** that this Order shall constitute the only authorization required by Clearbeach to proceed with the Transactions (including for greater certainty, the Reorganization Transactions), and that no shareholder or other approval shall be required in connection therewith.

5. **THIS COURT ORDERS AND DECLARES** that upon the delivery of the Monitor's certificate (the "**Monitor's Certificate**") to the Purchaser (the "**Effective Time**"), substantially in the form attached as Schedule "A" hereto, the following shall occur and shall be deemed to have occurred at the Effective Time in the following sequence:

- (a) first, (i) ResidualCo shall be added as an Applicant in the CCAA Proceedings pursuant to paragraph 19 of this Order, and (ii) the directors and officers of ResidualCo (collectively, the "**ResidualCo D&Os**") shall be deemed to have resigned;
- (b) second, all of Clearbeach's right, title and interest in and to the Excluded Assets shall vest absolutely and exclusively in ResidualCo, and any and all Claims and Encumbrances shall continue to attach to the Excluded Assets in accordance with paragraph 10 of this Order, in either case with the same nature and priority as they had immediately prior to the transfer;
- (c) third, all Excluded Contracts (together with the obligations and liabilities thereunder) and Excluded Liabilities (which for greater certainty includes all Claims against Clearbeach other than the Retained Liabilities) shall be channelled to, assumed by and vest absolutely and exclusively in ResidualCo such that the Excluded Contracts and Excluded Liabilities shall become obligations of ResidualCo and shall no longer be obligations of Clearbeach, and Clearbeach and

the Retained Assets shall be and are hereby forever released and discharged from such Excluded Contracts and Excluded Liabilities and all related Claims (excluding, for greater certainty, the Retained Liabilities) and all Encumbrances in connection therewith or affecting or relating to Clearbeach and the Retained Assets (other than the Permitted Encumbrances) are hereby expunged and discharged as against Clearbeach and the Retained Assets;

- (d) fourth, all issued and outstanding shares (including for greater certainty, all preferred shares) in the capital of Clearbeach other than the Existing Shares (and, for greater certainty, not including the New Common Shares to be subsequently issued to the Purchaser pursuant to the SPA and paragraph 5(g) of this Order), and all options, conversion privileges, equity-based awards, warrants, securities, debentures, loans, notes or other rights, agreements or commitments of any character whatsoever that are held by any Person (as defined below) and are convertible or exchangeable for any securities of Clearbeach or which require the issuance, sale or transfer by Clearbeach, of any shares or other securities of Clearbeach and/or the share capital of Clearbeach, or otherwise relating thereto, shall be, and shall be deemed to be, terminated and cancelled without any payment or other consideration;
- (e) fifth, the Bankruptcy Costs shall be paid by the Purchaser, on behalf of Clearbeach, to the Monitor, who shall provide same to the trustee in bankruptcy of ResidualCo (in such capacity, the “**Trustee**”), which Bankruptcy Costs shall be held by the Monitor and the Trustee free and clear of any Claims or Encumbrances;
- (f) sixth, the Purchaser shall pay, assume or otherwise satisfy the Priority Claims in accordance with the terms of the SPA, and, upon payment thereof, the Priority Claims shall be and are hereby forever released, expunged and discharged as against the Retained Assets, Clearbeach and the New Common Shares;
- (g) seventh, in consideration for the Purchase Price, Clearbeach shall issue the New Common Shares to the Purchaser as fully paid and non-assessable shares of Clearbeach, and all right, title and interest in and to the New Common Shares shall

vest absolutely and exclusively in the Purchaser, free and clear of any and all Claims and Encumbrances and, for greater certainty, this Court orders that all Claims and Encumbrances affecting or relating to the New Common Shares are hereby expunged and discharged as against the New Common Shares;

- (h) eighth, the issued and outstanding common shares in the capital of Clearbeach (being the New Common Shares and the Existing Shares) shall be consolidated on the basis of the Consolidation Ratio, and the Articles of Clearbeach shall be amended as necessary to achieve such consolidation;
- (i) ninth, the holder of the fractional common share of Clearbeach resulting from the consolidation of the Existing Shares, being 0.0001 common shares, shall sell such fractional share to the Purchaser, and the Purchaser shall purchase and acquire such fractional share from such holder, for a purchase price of \$0.01;
- (j) tenth, any fractional common shares in the capital of Clearbeach held by any holder of such shares immediately following the consolidation of such shares pursuant to paragraph 5(h) of this Order and the share transfer pursuant to paragraph 5(i) of this Order shall be cancelled without any Liability, payment or other consideration in respect thereof, and the Articles of Clearbeach shall be amended as necessary to achieve such cancellation; and
- (k) eleventh, Clearbeach shall be deemed to cease being an Applicant in the CCAA Proceedings, and Clearbeach shall be deemed to be released from the purview of the Initial Order and all other Orders of this Court granted in respect of the CCAA Proceedings, save and except for this Order, the provisions of which (as they relate to Clearbeach) shall continue to apply in all respects. For greater certainty, ResidualCo shall remain an Applicant in accordance with and subject to the terms of this Order.

6. **THIS COURT ORDERS** that, from and after the Effective Time, the Purchaser and Clearbeach shall be authorized to take all such steps as may be necessary to effect the releasing, expunging or discharging of all Claims and Encumbrances released, expunged or discharged

pursuant to this Order, which are registered against the Retained Assets and the New Common Shares, including the filing of such financing change statements in any personal property registry systems as may be necessary or desirable.

7. **THIS COURT ORDERS** that upon the registration in the Land Registry Office #[●] for the Land Titles Division of [●] of an Application for Vesting Order in the form prescribed by the *Land Titles Act* (Ontario) and/or the *Land Registration Reform Act* (Ontario), the Land Registrar is hereby directed to vacate and expunge from title to the subject real property identified in schedule “D” hereto all of the Claims and Encumbrances identified in Schedule “B” hereto (which for greater certainty shall not include those Permitted Encumbrances identified in Schedule “C” hereto).

8. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor’s Certificate, forthwith after delivery thereof in connection with the Transactions.

9. **THIS COURT ORDERS** that the Monitor may rely on written notice from Clearbeach and the Purchaser regarding the fulfilment of conditions to closing under the SPA and shall have no liability with respect to delivery of the Monitor’s Certificate.

10. **THIS COURT ORDERS** that all Claims and Encumbrances released, expunged and discharged as against Clearbeach, the Retained Assets and the New Common Shares pursuant to paragraph 5 hereof shall attach to the Excluded Assets with the same nature and priority as they had immediately prior to the Transactions, as if the Transactions had not occurred.

11. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, as amended, Clearbeach or the Monitor, as the case may be, are authorized, permitted and directed to, at the Effective Time, disclose to the Purchaser all human resources and payroll information in Clearbeach’s records pertaining to past and current employees of Clearbeach. The Purchaser shall maintain and protect the privacy of such information in accordance with applicable law and shall be entitled to use the personal information provided to it in a manner that is in all material respects identical to the prior use of such information by Clearbeach.

12. **THIS COURT ORDERS AND DECLARES** that at the Effective Time and without limiting the provisions of paragraph 5 hereof, the Purchaser and Clearbeach shall be deemed released from any and all claims, liabilities, (direct, indirect, absolute or contingent) or obligations with respect to any Taxes (including penalties and interest thereon) of, or that relate to, Clearbeach (provided, as it relates to Clearbeach, such release shall not apply to (i) Taxes that are Retained Liabilities, and (ii) Taxes in respect of the business and operations conducted by Clearbeach after the Effective Time), including without limiting the generality of the foregoing, all Taxes that could be assessed against the Purchaser or Clearbeach (or their affiliates or any predecessor corporations) pursuant to section 160 of the *Income Tax Act*, R.S.C. 1985 c. 1 (5th Supp.), or any provincial equivalent, in connection with Clearbeach. For greater certainty, nothing in this paragraph shall release or discharge any Claims against ResidualCo with respect to Taxes that are vested in or assumed by ResidualCo.

13. **THIS COURT ORDERS AND DECLARES** that, at the Effective Time, all Persons upon whose real property the Oil and Gas Assets are situated shall be, and shall be deemed to be forever irrevocably released and discharged from any and all claims, liabilities, (direct, indirect, absolute or contingent) or obligations with respect to any Taxes (including penalties and interest thereon) of, or that relate to, Clearbeach arising under the *Municipal Act, 2001*, S.O. 2001, c. 25 and/or the *Assessment Act*, R.S.O. 1990, c. A.31 (provided that such release shall not apply to Taxes in respect of the business and operations conducted by Clearbeach after the Effective Time).

14. **THIS COURT ORDERS** that except to the extent expressly contemplated by the SPA, all Contracts to which Clearbeach is a party at the time of delivery of the Monitor's Certificate will be and remain in full force and effect upon and following delivery of the Monitor's Certificate and no individual, firm, corporation, governmental body or agency, or any other entity (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") who is a party to any such arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set off, dilution or other remedy) or make any demand under or in respect of any such arrangement and no automatic termination will have any validity or effect, by reason of:

- (a) any event that occurred on or prior to the delivery of the Monitor's Certificate and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events of default arising as a result of the insolvency of the Applicants);
- (b) the insolvency of any Applicant or the fact that the Applicants sought or obtained relief under the CCAA;
- (c) any compromises, releases, discharges, cancellations, transactions, arrangements, reorganizations or other steps taken or effected pursuant to the SPA, the Transactions or the provisions of this Order, or any other Order of the Court in these proceedings; or
- (d) any transfer or assignment, or any change of control of any of the Applicants arising from the implementation of the SPA, the Transactions or the provisions of this Order.

15. **THIS COURT ORDERS**, for greater certainty, that (a) nothing in paragraph 14 hereof shall waive, compromise or discharge any obligations of Clearbeach in respect of any Retained Liabilities, and (b) the designation of any Claim as a Retained Liability is without prejudice to Clearbeach's right to dispute the existence, validity or quantum of any such Retained Liability, and (c) nothing in this Order or the SPA shall affect or waive Clearbeach's rights and defences, both legal and equitable, with respect to any Retained Liability, including, but not limited to, all rights with respect to entitlements to set offs or recoupments against such Retained Liability or to settle, dispute, appeal or compromise any such Retained Liability.

16. **THIS COURT ORDERS** that from and after the Effective Time, all Persons shall be deemed to have waived any and all defaults of Clearbeach then existing or previously committed by Clearbeach, or caused by Clearbeach, directly or indirectly, or non-compliance with any covenant, warranty, representation, undertaking, positive or negative pledge, term, provision, condition, or obligation, expressed or implied in any Contract existing between such Person and Clearbeach (including for certainty, those Contracts constituting Retained Assets) arising directly or indirectly from the filing by the Applicants under the CCAA and implementation of the

Transactions, including without limitation any of the matters or events listed in paragraph 14 hereof and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under a Contract shall be deemed to have been rescinded and of no further force or effect, provided that nothing herein shall be deemed to excuse Clearbeach from performing its obligations under the SPA or be a waiver of defaults by Clearbeach under the SPA and the related documents.

17. **THIS COURT ORDERS** that from and after the Effective Time, any and all Persons shall be and are hereby forever barred, estopped, stayed and enjoined from commencing, taking, applying for or issuing or continuing any and all steps or proceedings, whether directly, derivatively or otherwise, and including without limitation, administrative hearings and orders, declarations and assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against Clearbeach, the Retained Assets or the New Common Shares relating in any way to or in respect of any Excluded Assets, Excluded Liabilities or Excluded Contracts and any other claims, obligations and other matters that are waived, released, expunged or discharged pursuant to this Order.

18. **THIS COURT ORDERS** that from and after the Effective Time:

- (a) the nature of the Retained Liabilities retained by Clearbeach, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of the Transactions or this Order;
- (b) the nature of the Excluded Liabilities, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of their vesting in and assumption by ResidualCo;
- (c) any Person that prior to the Effective Time had a valid right or claim against Clearbeach under or in respect of any Excluded Contract or Excluded Liability (each an “**Excluded Liability Claim**”) shall no longer have such right or claim against Clearbeach but will have an equivalent Excluded Liability Claim against ResidualCo in respect of the Excluded Contract or Excluded Liability from and after the Effective Time in its place and stead, and nothing in this Order limits,

lessens or extinguishes the Excluded Liability Claim of any Person as against ResidualCo; and

- (d) the Excluded Liability Claim of any Person against ResidualCo following the Effective Time shall have the same rights, priority and entitlement as such Excluded Liability Claim had against Clearbeach prior to the Effective Time.

19. **THIS COURT ORDERS AND DECLARES** that, as of the Effective Time:

- (a) ResidualCo shall be a company to which the CCAA applies; and
- (b) ResidualCo shall be added as an Applicant in the CCAA Proceedings and all references in any Order of this Court in respect of the CCAA Proceedings to (i) an “Applicant” or the “Applicants” shall refer to and include ResidualCo *mutatis mutandis*, and (ii) “Property” shall include the current and future assets, licenses, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof, of ResidualCo.

RELEASES

20. **THIS COURT ORDERS** that effective upon the filing of the Monitor’s Certificate, (i) the current directors, officers, employees, independent contractors that have provided legal or financial services to the Applicants, legal counsel and advisors of the Applicants, (ii) the ResidualCo D&Os, and (iii) the Monitor and its legal counsel (collectively, the “**Released Parties**”) shall be, and shall be deemed to be forever irrevocably released and discharged from any and all present and future claims (including, without limitation, claims for contribution or indemnity), liabilities, indebtedness, demands, actions, causes of action, counterclaims, suits, damages, judgments, executions, recoupments, debts, sums of money, expenses, accounts, liens, taxes, recoveries, and obligations of any nature or kind whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise) based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place prior to the filing of the Monitor’s Certificate and that relate in any manner whatsoever to the Applicants or any of their assets (current or historical), obligations,

business or affairs or the CCAA Proceedings, including any actions undertaken or completed pursuant to the terms of this Order, or arising in connection with or relating to the SPA or the completion of the Transactions (collectively, the “**Released Claims**”), which Released Claims are hereby fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties, provided that nothing in this paragraph shall waive, discharge, release, cancel or bar: (i) any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA, or that arises in or relates to the period prior to the granting of the Initial Order, or (ii) any of the Released Parties from the performance of its obligations pursuant to the SPA.

21. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C 195, c. B-3, as amended (the “**BIA**”), in respect of in respect of one or more of any of the Applicants, ResidualCo or any of their respective predecessors, successors or heirs (collectively, the “**Identified Parties**”), and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of any of the Identified Parties;

the SPA, the implementation of the Transactions (including without limitation the transfer, assumption and vesting of the Excluded Assets, Excluded Contracts and Excluded Liabilities in and to ResidualCo, the issuance and vesting of the New Common Shares in and to the Purchaser), and any payments by or to the Purchaser, ResidualCo, the Monitor or the Trustee authorized herein shall be binding on any trustee in bankruptcy that may be appointed in respect of any of the Identified Parties and shall not be void or voidable by creditors of any of the Identified Parties, as applicable, nor shall they constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the CCAA, the BIA or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

GENERAL

22. **THIS COURT ORDERS** that, from and after the Effective Time, the title of these proceedings is hereby changed to

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

AND IN THE MATTER OF THE COMPROMISE OR
ARRANGEMENT OF FORBES RESOURCES CORP. AND [●] ONTARIO INC.

APPROVAL OF THE MONITOR'S REPORTS, ACTIVITIES AND FEES

23. **THIS COURT ORDERS** that the Pre-Filing Report of the Monitor dated May 18, 2021, the First Report of the Monitor dated May 25, 2021, and the Second Report, and the activities of the Monitor and its counsel referred to therein be and are hereby approved; provided, however, that only the Monitor, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

24. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and its counsel, as set out in the Second Report, be and are hereby approved.

BANKRUPTCY

25. **THIS COURT ORDERS** that, as soon as practicable following the Effective Time:

- (a) the Monitor is hereby authorized and directed to file an assignment in bankruptcy pursuant to the BIA (the "**Assignment in Bankruptcy**") for and on behalf of ResidualCo and to take any such steps incidental thereto;
- (b) MNP is hereby authorized and empowered, but not obligated, to act as trustee in bankruptcy in respect of ResidualCo under the BIA; and
- (c) MNP may apply the Bankruptcy Costs against the Trustee's fees and disbursements and the fees and disbursements of the Trustee's counsel incurred in connection with any such bankruptcy proceedings in respect of ResidualCo.

CONCLUSION OF THE CCAA PROCEEDINGS WITH RESPECT TO CLEARBEACH

26. **THIS COURT ORDERS** that at the Effective Time the CCAA Proceedings solely with respect to Clearbeach shall be terminated without any other act or formality, save and except as provided in this Order, and provided that nothing herein impacts the validity of any Orders made in the CCAA Proceedings or any actions or steps taken by any Person pursuant to or as authorized by any Orders of the Court made in the CCAA Proceedings.

27. **THIS COURT ORDERS** that the Monitor is hereby directed to serve notice of the Effective Time upon the Service List established for the CCAA Proceedings as soon as is practicable following the occurrence thereof.

28. **THIS COURT ORDERS** that the Administration Charge and the Directors' Charge shall be terminated, released and discharged at the Effective Time with respect to Clearbeach without any other act or formality.

DISCHARGE OF THE MONITOR WITH RESPECT TO CLEARBEACH

29. **THIS COURT ORDERS** that at the Effective Time, MNP shall be discharged and shall have no further duties, obligations or responsibilities as Monitor with respect to Clearbeach. Notwithstanding the discharge of MNP as Monitor and the termination of the CCAA Proceedings with respect to Clearbeach, MNP shall have the authority from and after the Effective Time to complete any matters that may be incidental to the termination of the CCAA Proceedings with respect to Clearbeach. In completing any incidental matters, MNP shall continue to have the benefit of the provisions of all Orders made in the CCAA Proceedings, including all approvals, protections and stays of proceedings in favour of MNP in its capacity as Monitor, and nothing in this Order shall affect, vary, derogate from, limit or amend any of the protections in favour of the Monitor at law or pursuant to the CCAA, the Initial Order or any other Order issued in the CCAA Proceedings.

30. **THIS COURT ORDERS** that, notwithstanding any provision of this Order and the termination of the CCAA Proceedings with respect to Clearbeach, nothing herein shall affect, vary, derogate from, limit or amend any of the rights, approvals and protections in favour of the Monitor at law or pursuant to the CCAA, the Initial Order or any other Order of this Court in the CCAA Proceedings, all of which are expressly continued and confirmed.

31. **THIS COURT ORDERS** that upon the Effective Time, MNP and its counsel, legal counsel to the Applicants, and each of their affiliates, officers, directors, partners, employees and agents (collectively, the “**Released Professionals**” and each, a “**Released Professional**”) shall be and are hereby forever irrevocably released and discharged from any and all present and future claims, liabilities, indebtedness, demands, actions, causes of action, suits, damages, judgments and obligations of whatever nature that any person may have or be entitled to assert against the Released Professionals, whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Effective Time in any way relating to, arising out of, or in respect of, the CCAA Proceedings with respect to Clearbeach or with respect to their respective conduct in the CCAA Proceedings with respect to Clearbeach, save and except for any gross negligence or wilful misconduct.

32. **THIS COURT ORDERS** that no action or other proceeding shall be commenced against any of the Released Professionals in any way arising from or related to the CCAA Proceedings with respect to Clearbeach, except with prior leave of this Court on at least seven (7) days' prior written notice to the applicable Released Professional.

GENERAL

33. **THIS COURT ORDERS** that, notwithstanding Rule 59.05, this Order is effective from the date that it is made, and is enforceable without any need for entry and filing. In accordance with Rules 77.07(6) and 1.04, no formal order need be entered and filed unless an appeal or a motion for leave to appeal is brought to an appellate court. Any party may nonetheless submit a formal order for original signing, entry and filing when the Court returns to regular operations.

34. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

35. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, ResidualCo, the Monitor, the Trustee and their

respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and ResidualCo and to the Monitor or the Trustee (as applicable), as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor or the Trustee (as applicable) in any foreign proceeding, or to assist the Applicants, ResidualCo, the Monitor, the Trustee and their respective agents in carrying out the terms of this Order.

36. **THIS COURT ORDERS** that each of the Applicants, ResidualCo, the Monitor and the Trustee be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

SCHEDULE "A"

FORM OF MONITOR'S CERTIFICATE

Court File No.: CV-21-00662483-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CLEARBEACH RESOURCES INC. AND FORBES RESOURCES
CORP.**

Applicants

RECITALS

A. Pursuant to the Initial Order of the Honourable Madam Justice Gilmore of the Ontario Superior Court of Justice (Commercial List), dated May 20, 2021, as amended, Clearbeach Resources Inc. ("**Clearbeach**") and Forbes Resources Corp. (together with Clearbeach, the "**Applicants**") were granted protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, and MNP Ltd. ("**MNP**"), was appointed as monitor (in such capacity, the "**Monitor**") of the Applicants.

B. Pursuant to the Approval and Vesting Order of the Court, dated July 14, 2021 (the "**Order**"), the Court approved the transactions contemplated by the Share Purchase Agreement dated ●, 2021 (the "**SPA**"), between Clearbeach and Oil Patch Services Inc. (the "**Purchaser**"), and ordered, *inter alia*: (i) transferring and vesting all of Clearbeach's right, title and interest in and to the Excluded Assets in ResidualCo; (ii) releasing and discharging Clearbeach from and in respect of, and transferring and vesting all of the Excluded Contracts and Excluded Liabilities in and to ResidualCo; and (iii) issuing to and vesting in the Purchaser all right, title and interest in and to the New Common Shares, which vesting is, in each case, to be effective upon the delivery

by the Monitor to the Purchaser of a certificate confirming that the Monitor has received written confirmation in the form and substance satisfactory to the Monitor from the Purchaser and Clearbeach that all conditions to closing have been satisfied or waived by the parties to the SPA.

C. Capitalized terms not defined herein shall have the meaning given to them in the Order or the SPA.

THE MONITOR CERTIFIES the following:

1. The Monitor has received written confirmation from the Purchaser and the Applicants, in form and substance satisfactory to the Monitor, that all conditions to closing have been satisfied or waived by the parties to the SPA.
2. In accordance with the terms of the SPA and the Order, the Purchaser has:
 - a. paid the Bankruptcy Costs to the Monitor, to be provided to MNP in its capacity as trustee in bankruptcy of ResidualCo; and
 - b. confirmed to the Monitor that the Purchaser has paid, assumed or otherwise satisfied the Priority Claims in accordance with the terms of the SPA.
3. This Monitor's certificate was delivered by the Monitor at _____ on _____, 2021.

MNPLTD., solely in its capacity as
Monitor of the Applicants, and not in its
personal or corporate capacity

Per:

Name:

Title:

SCHEDULE "B"
CLAIMS AND ENCUMBRANCES TO BE DELETED AND EXPUNGED FROM TITLE
TO REAL PROPERTY

[To be Finalized]

SCHEDULE "C"
PERMITTED ENCUMBRANCES, EASEMENTS AND RESTRICTIVE COVENANTS
RELATED TO THE REAL PROPERTY

[To be Finalized]

SCHEDULE "D"
LEGAL DESCRIPTION OF THE REAL PROPERTY

[To be Finalized]

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CLEARBEACH RESOURCES INC. AND FORBES
RESOURCES CORP.**

Court File No.: CV-21-00662483-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings Commenced in Toronto

APPROVAL AND VESTING ORDER

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**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CLEARBEACH RESOURCES INC. AND
FORBES RESOURCES CORP.**

Court File No.: CV-21-00662483-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings Commenced in Toronto

**MOTION RECORD
(Returnable July 14, 2021)**

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