

COURT FILE NUMBER

1501-12220

COURT

COURT OF QUEEN'S BENCH

JUDICIAL CENTRE

CALGARY

APPLICANT

ALBERTA TREASURY BRANCHES

RESPONDENTS

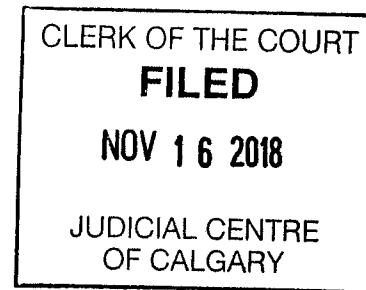
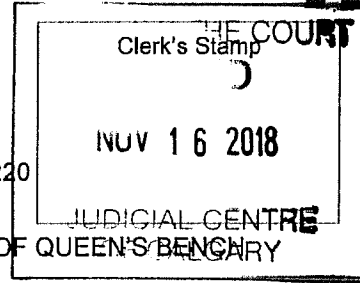
COGI LIMITED PARTNERSHIP, CANADIAN
OIL & GAS INTERNATIONAL INC.,
CONSERVE OIL GROUP INC. AND
CONSERVE OIL 1ST CORPORATION

DOCUMENT

THIRTEENTH REPORT OF THE RECEIVER

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

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EXHIBITS

EXHIBIT "A"

PSA: Firenze Energy Ltd. (Redacted)

INTRODUCTION AND BACKGROUND

1. Pursuant to an October 26, 2015 Court of Queen's Bench of Alberta Order (the "**Receivership Order**"), MNP Ltd. (the "**Receiver**") was appointed as receiver and manager of COGI Limited Partnership ("**COGI LP**"), its general partner Canadian Oil & Gas International Inc. ("**COGI Inc.**") and Conserve Oil Group Inc. ("**Conserve**"). On November 10, 2015, pursuant to an Order of Justice Jeffrey, the Receiver's powers were expanded to include powers to manage a number of Conserve's subsidiaries, including Conserve Oil 9th Corporation ("**COC9**").
2. On January 6, 2016, MNP was further appointed receiver and manager of the assets and undertakings of Conserve Oil 1st Corporation ("**COC1**" and together with COGI LP, COGI Inc. and Conserve, "**COGI**" or the "**Company**").
3. COGI LP is a limited partnership formed pursuant to the laws of the province of Alberta. COGI Inc. is the general partner of COGI LP. Conserve is a private company and the 100% shareholder of COGI Inc. as well as a number of other companies.
4. This is the Receiver's thirteenth report to the Court (the "**Thirteenth Report**"), which should be read in conjunction with the Receiver's prior Reports. Capitalized terms not defined herein are as defined in the prior Reports or the Receivership Order. All references to currency are in Canadian dollars unless otherwise stated.
5. In preparing the Thirteenth Report and making comments herein, the Receiver has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information of COGI, the books and records of COGI, and information from other third-party sources (collectively, the "**Information**"). The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with generally accepted assurance standards or other standards established by the Chartered Professional Accountants of Canada.
6. Copies of the relevant documents relating to these proceedings are available on the Receiver's website at www.mnpdebt.ca/cogi.

PURPOSE OF THE REPORT

7. The purpose of the Thirteenth Report is to provide this Honourable Court with an update as to the Receiver's activities since the date its last report, including its comments and information in respect of:
 - (a) activities of the Receiver since the date of the Twelfth Report;
 - (b) an application for an Approval and Vesting Order with respect to the sale of certain of COGI's assets to Firenze Energy Ltd. ("**Firenze**"); and
 - (c) an application for a sealing order with respect to the Confidential Supplement to the Thirteenth Report (the "**Confidential Supplement**").

ACTIVITIES OF THE RECEIVER

8. Since its last Report, the Receiver has:
 - (a) together with its consultant, The Operators Inc., continued to operate the oil and gas properties of COGI;

- (b) corresponded with investors' representatives;
- (c) met and corresponded with joint venture partners regarding accounts receivable;
- (d) continued negotiations with respect to collection of a note receivable owing to COC1;
- (e) continued efforts to collect accounts receivables;
- (f) in cooperation with its consultant TOI, participated in the negotiation with various municipalities for the payment of taxes;
- (g) continued to manage the transition of COGI's day-to-day operations from Niven Fischer to TOI; and
- (h) negotiated a sale with Firenze Energy Ltd.

SECOND SALES PROCESS

- 9. As described in its Eleventh Report, the Receiver completed the Second Sales Process, which resulted in a purchase and sale agreement with DEL for most, but not all of COGI's remaining oil and gas assets.
- 10. The majority of COGI's assets that were not subject to the DEL PSA are those in which COGI holds a non-operated working interest.

SALE TO FIRENZE

- 11. Firenze is the operator of certain of COGI's non-operated working interests in the Marten Creek Area of Alberta. Firenze made an offer to purchase certain of the COGI's non-operated working interests that it operates as well as an additional working interest for which Firenze is not the operator and does not maintain an interest (collectively, the "**Marten Creek Assets**"). No offer was made for the Marten Creek Assets in the Second Sales Process.
- 12. The Receiver considered the likelihood of another purchaser bidding on the Marten Creek Assets. In the Receiver's opinion, Firenze is the only likely purchaser of the Marten Creek Assets considering:
 - (a) with respect to the Marten Creek Assets that Firenze operates, they are cash flow negative; and
 - (b) with respect to the lone Marten Creek Asset that the Firenze does not operate, the operator did not make an offer to purchase that asset in the Second Sales Process and has not yet responded to the Receiver regarding the operator's right of first refusal.
- 13. Accordingly, the Receiver and Firenze negotiated a purchase and sale agreement (the "**Firenze PSA**"). The Receiver is satisfied that the transaction contemplated by the Firenze PSA (the "**Firenze Transaction**") represents a reasonable and satisfactory offer for the Marten Creek Assets.
- 14. COGI's secured creditor, who has the only economic interest in COGI's assets, is in favour of the Firenze Transaction.
- 15. A redacted copy of the Firenze PSA attached hereto as **Exhibit "A"**.

SEALING ORDER

- 16. An unredacted copy of the Firenze PSA is attached to the Confidential Supplement as **Exhibit "A"**.
- 17. With a view to protecting the Marten Creek Assets in the event the Firenze Transaction does not close, the Receiver respectfully requests and recommends that the Confidential Supplement be sealed for a period of 10 days following the delivery of a Receiver's Certificate to Firenze.

COURT APPROVAL

- 18. Although, viewed individually, the Firenze Transaction does not reach the threshold in the Receivership Order for a sale that necessitates this Court's approval, as a result of the cumulative value of previous sales transactions effected by the Receiver, the Receiver requires this Court's approval.

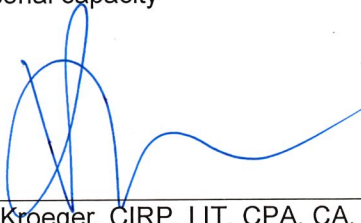
CONCLUSION

- 19. Based upon the foregoing, the Receiver seeks the Court's approval for the following:
 - (a) an Order approving the Firenze PSA and vesting the Marten Creek Assets in the name of Firenze, subject to the terms of the Approval and Vesting Order granted by the Court; and
 - (b) an Order sealing the Confidential Supplement until 10 days have elapsed from the day the Receiver delivers Receiver's Certificates to Firenze.

All of which is respectfully submitted this 16th day of November 2018.

MNP Ltd.

In its capacity as Receiver-Manager of
COGI Limited Partnership, Canadian Oil & Gas International
Inc., Conserve Oil Group Inc. and Conserve Oil 1st Corporation
and not in its personal capacity



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

Exhibit "A"

PURCHASE AND SALE AGREEMENT
Marten Creek, Alberta

THIS AGREEMENT made as of the 1st day of September, 2018.

BETWEEN:

MNP LTD. solely in its capacity as receiver and manager of **COGI Limited Partnership, CANADIAN OIL AND GAS INTERNATIONAL INC., CONSERVE OIL GROUP INC. and CONSERVE OIL 1st CORPORATION** and not in its personal or corporate capacity (hereinafter referred to as "**Vendor**")

- and -

FIRENZE ENERGY LTD., a corporation incorporated under the laws of Alberta (hereinafter referred to as "**Purchaser**")

WHEREAS pursuant to an order of the Honourable Justice A.D. Macleod of the Alberta Court of Queen's Bench (the "**Court**") dated October 26, 2015 (the "**Receivership Order**"), MNP Ltd. (the "**Receiver**") was appointed receiver and manager of Conserve Oil Group Inc., Canadian Oil & Gas International Inc. and COGI Limited Partnership (collectively, "**COGI**");

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

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires:

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

other environmental issues emanating from or relating to the sites for the Wells or the Tangibles;

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

- (b) "**Affiliate**" means, with respect to any Person, any other Person or group of Persons acting in concert, directly or indirectly, that controls, is controlled by or is under common control with such Person. The term "**control**" as used in the preceding sentence means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person whether through ownership or more than fifty percent (50%) of the voting securities of such Person, by contract or otherwise;
- (c) "**Applicable Law**" means, in relation to any person, property or circumstance, all laws, statutes, rules, regulations, official directives and orders of Governmental Authorities (whether administrative, legislative, executive or otherwise), including judgments, orders and decrees of courts, commissions or bodies exercising similar functions, as amended, and includes the provisions and conditions of any permit, license or other governmental or regulatory authorization, that are in effect as at the relevant time and are applicable to such person, property or circumstance;
- (d) "**Assets**" means the Petroleum and Natural Gas Rights, the Tangibles, and the Miscellaneous Interests;
- (e) "**Business Day**" means a day other than a Saturday, a Sunday or a statutory holiday in Calgary, Alberta;
- (f) "**Court Order**" means an order to be granted by the Court substantially in the form of **Schedule "D"** which authorizes, approves and confirms this Agreement and the sale of the Assets by Vendor to Purchaser in accordance with the terms and conditions contained herein, and vests beneficial title to the Assets in Purchaser free and clear of all encumbrances, liens, security interests or claims, other than Permitted Encumbrances;
- (g) "**Closing**" means the transfer of possession, beneficial ownership and risks of the Assets from the Vendor to the Purchaser, the exchange of Specific Conveyances and payment of the Purchase Price by the Purchaser to the Vendor, and all other items and considerations required to be delivered on the Closing Date pursuant hereto;
- (h) "**Closing Date**" means the fifth (5th) Business Day following receipt of the Court Order, unless otherwise agreed upon in writing by the Parties;
- (i) "**Closing Place**" means the office of Vendor, or such other place as may be agreed upon in writing by the Parties;
- (j) "**Date of Appointment**" means October 26, 2015;
- (k) "**Effective Date**" means 8:00 a.m., September 1, 2018;
- (l) "**Environmental Liabilities**" means all liabilities in respect of the environment which relate to the Assets or which arise in connection with the ownership thereof or operations pertaining thereto, including without limitation, such liabilities related to or arising from:
 - (i) transportation, storage, use or disposal of toxic or hazardous substances;
 - (ii) release, spill, escape, emission, leak, discharge, migration or dispersal of toxic or hazardous substances; or

(iii) pollution or contamination of or damage to the environment;

including, without limitation, liabilities to compensate Third Parties for damages and Losses resulting from the items described in items (i), (ii) and (iii) above (including, without limitation, damage to property, personal injury and death) and obligations to take action to prevent or rectify damage to or otherwise protect the environment and, for purposes of this Agreement, "the environment" includes, without limitation, the air, the surface and subsurface of the earth, bodies of water (including, without limitation, rivers, streams, lakes and aquifers) and plant and animal life (including humans);

(m) "**General Conveyance**" means the general conveyance agreement in the form attached hereto as Schedule "B";

(n) "**Governmental Authority**" means any federal, national, provincial, territorial, municipal or other government, any political subdivision thereof, and any ministry, sub-ministry, agency or sub-agency, court, board, bureau, office, or department, including any government-owned entity, having jurisdiction over a Party, the Assets or the Transaction;

(o) "**GST**" means the goods and services tax payable pursuant to the GST Legislation;

(p) "**GST Legislation**" means Part IX of the *Excise Tax Act*, R.S.C. 1985, c. E-15, as amended, and the regulations promulgated thereunder;

(q) "**Lands**" means the lands set out and described in **Schedule "A"**, and the Petroleum Substances within, upon or under such lands (subject to the restrictions and exclusions identified in **Schedule "A"** and in the Title Documents as to Petroleum Substances and geological formations, if any);

(r) "**Leased Substances**" means all Petroleum Substances, rights to or in respect of which are granted, reserved or otherwise conferred by or under the Title Documents (but only to the extent that the Title Documents pertain to the Lands);

(s) "**Licence Transfers**" means, in relation to the Assets, the transfer of any permits, approvals, licences and authorizations granted by any applicable Governmental Authority;

(t) "**Losses**" means all losses, costs, claims, damages, expenses and liabilities which a Party suffers, sustains, pays or incurs, including reasonable legal fees on a solicitor and his own client basis but notwithstanding the foregoing shall not include any liability for indirect or consequential damages including business loss, loss of profit, economic loss, punitive damages or income tax liabilities;

(u) "**Miscellaneous Interests**" means, subject to any and all limitations and exclusions provided for in this definition, Vendor's entire interest in and to all property, assets, interests and rights pertaining to the Petroleum and Natural Gas Rights and the Tangibles (other than the Petroleum and Natural Gas Rights and the Tangibles), or either of them, but only to the extent that such property, assets, interests and rights pertain to the Petroleum and Natural Gas Rights and the Tangibles, or either of them, including without limitation any and all of the following:

(i) all contracts and agreements to the extent relating to the Petroleum and Natural Gas Rights and the Tangibles, or either of them (including the Title Documents), but excluding all agreements for the sale, processing, transmission or transportation of Petroleum Substances unless terminable on not more than thirty (30) days' notice (without an early termination penalty or other cost) or expressly described in a Schedule hereto;

- (ii) all subsisting rights to carry out operations relating to the Lands or the Tangibles, and without limitation, all easements and other permits, licenses and authorizations pertaining to the Tangibles;
- (iii) rights to enter upon, use, occupy and enjoy the surface of any lands which are used or may be used to gain access to or otherwise use the Petroleum and Natural Gas Rights and the Tangibles, or either of them;
- (iv) all records, books, documents, files, licences, reports and data which relate to the Petroleum and Natural Gas Rights and the Tangibles, or either of them including any of the foregoing that pertain to proprietary seismic, geological or geophysical matters; and
- (v) the Wells, including the wellbores and any and all casing.

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

- (v) **"Non-Resident Holdback"** means 50% of the Purchase Price;
- (w) **"Party"** means a party to this Agreement;
- (x) **"Permitted Encumbrances"** means:
 - (i) all encumbrances, overriding royalties, net profits interests and other burdens identified in **Schedule "A"**;
 - (ii) the terms and conditions of the Title Documents, provided that any encumbrance constituting a royalty (other than any Crown royalties), net profits interest, carried interest, penalty, or reduction in interest created under or pursuant to any such Title Documents will be a Permitted Encumbrance only if it also satisfies another provision of this section 1.1(w);
 - (iii) the right reserved to or vested in any grantor, Governmental Authority or other public authority by the terms of any Title Document or by Applicable Law to terminate any Title Document;
 - (iv) easements, rights of way, servitudes or other similar rights in land, including, without in any way limiting the generality of the foregoing, rights of way and servitudes for highways, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone or cable television conduits, poles, wires or cables;
 - (v) taxes on Petroleum Substances or the income or revenue therefrom, unless specifically excluded and governmental restrictions of general application on production rates from the Wells or on operations being conducted on the Lands or otherwise affecting the value of any of the Assets;
 - (vi) agreements for the sale, processing, transmission or transportation of Petroleum Substances, which are terminable on not more than thirty (30) days' notice (without an early termination penalty or other cost);

- (vii) any obligation of COGI or Vendor to hold any portion of its legal interest in and to any of the Assets in trust for Third Parties;
 - (viii) the right reserved to or vested in any municipality, Governmental Authority or other public authority to control or regulate any of the Assets in any manner, including any directives or notices received from any municipality, Governmental Authority or other public authority pertaining to the Assets;
 - (ix) undetermined or inchoate liens incurred or created as security in favour of any Person with respect to the development or operation of any of the Assets, as regards Vendor's or COGI's share of the costs and expenses thereof which are not due or delinquent as of the date hereof or the Closing Date;
 - (x) the reservations, limitations, provisos and conditions in any grants or transfers from the Crown of any of the Lands or interests therein, and statutory exceptions to title;
 - (xi) agreements and plans relating to pooling or unitization of any of the Petroleum and Natural Gas Rights;
 - (xii) agreements respecting the operation of Wells by contract field operators;
 - (xiii) provisions for penalties and forfeitures under agreements as a consequence of non-participation in operations that arise after the date of this Agreement due to an election by Purchaser; and
 - (xiv) liens granted in the ordinary course of business to a public utility, municipality or Governmental Authority with respect to operations pertaining to any of the Assets, provided that no amounts are due or owing thereto; and
 - (xv) without limiting the generality of the foregoing, the provisions within the Title Documents and all remedies and requirements of all Applicable Laws, rules, regulations, orders and directions of Governmental Authorities and other competent authorities at law, respecting the interest of Summerfield Energy Inc., a defunct partner of Vendor.
- (y) "**Person**" means any individual, corporation, limited or unlimited liability company, joint venture, partnership (limited or general), trust, trustee, executor, Governmental Authority or other entity;
- (z) "**Petroleum and Natural Gas Rights**" means Vendor's entire interest in and to all rights to and in respect of the Leased Substances and the Title Documents (but only to the extent that the Title Documents pertain to the Lands), including, without limitation, any working interests, royalty interests, overriding royalty interests, gross overriding royalty interests, production payments, profits interests, net profits interests, revenue interests, economic interests and other interests, fractional or undivided interests in any of the foregoing, and the interests set out and described in **Schedule "A"**;
- (aa) "**Petroleum Substances**" means any of crude oil, crude bitumen and products derived therefrom, synthetic crude oil, petroleum, natural gas, natural gas liquids, and any and all other substances related to any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including without limitation, sulphur;
- (bb) "**Prime Rate**" means the rate of interest, expressed as a rate per annum, designated by the main branch in Calgary of ATB Financial as the reference rate used by it to determine rates of interest charged by it on Canadian dollar commercial loans made in Canada and which is announced by such bank, from time to time, as its prime rate, provided that

whenever such bank announces a change in such reference rate the "Prime Rate" shall correspondingly change effective on the date the change in such reference rate is effective;

- (cc) "**Representative**" means, with, respect to any Party, its Affiliates, and its and their respective directors, officers, servants, agents, advisors, employees and consultants;
- (dd) "**Rights of First Refusal**" means a preferential, pre-emptive or first purchase right that becomes operative by virtue of this Agreement or the Transaction;
- (ee) "**ROFR Assets**" has the meaning ascribed to such term in Section 8.1(a);
- (ff) "**Sales Taxes**" means all transfer, sales, excise, stamp, license, production, value-added and other like taxes, assessments, charges, duties, fees, levies or other governmental charges of any kind, and includes, but is not limited to, additions by way of penalties, interest and other amounts with respect thereto, but excludes GST;
- (gg) "**Specific Conveyances**" means all conveyances, assignments, transfers, novations and other documents or instruments that are reasonably required or desirable to convey, assign and transfer the interest of Vendor in and to the Assets to Purchaser and to novate Purchaser in the place and stead of Vendor with respect to the Assets;
- (hh) "**Tangibles**" means Vendor's entire interest in and to 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 the Leased Substances or any of them;
- (ii) "**Third Party**" means any individual or entity other than Receiver, COGI, Vendor and Purchaser, including without limitation any partnership, corporation, trust, unincorporated organization, union, government and any department and agency thereof and any heir, executor, administrator or other legal representative of an individual;
- (jj) "**this Agreement**", "**herein**", "**hereto**", "**hereof**" and similar expressions mean and refer to this Agreement;
- (kk) "**Title Documents**" means, collectively, any and all certificates of title, leases, reservations, permits, licences, assignments, trust declarations, operating agreements, royalty agreements, gross overriding royalty agreements, participation agreements, farm-in agreements, sale and purchase agreements, pooling agreements and any other documents and agreements granting, reserving or otherwise conferring rights to (i) explore for, drill for, produce, take, use or market Petroleum Substances, (ii) share in the production of Petroleum Substances, (iii) share in the proceeds from, or measured or calculated by reference to the value or quantity of, Petroleum Substances which are produced, and (iv) rights to acquire any of the rights described in items (i) to (iii) of this definition; but only if the foregoing pertain in whole or in part to Petroleum Substances within, upon or under the Lands; including, without limitation, those instruments, if any, set out and described in Schedule "A";
- (ll) "**Transaction**" means the transaction for the purchase and sale of the Assets as contemplated by this Agreement; and
- (mm) "**Wells**" means Vendor's entire interest in and to the wells listed in Schedule "A", whether producing, shut-in, suspended, abandoned, capped, injection or disposal wells (including the associated wellbores and casing).

1.2 Headings

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

1.3 Interpretation Not Affected by Headings

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

1.4 Included Words

When the context reasonably permits, words suggesting the singular shall be construed as suggesting the plural and *vice versa*, and words suggesting gender or gender neutrality shall be construed as suggesting the masculine, feminine and neutral genders.

1.5 Schedules

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

Schedule "A"	-	Lands, Petroleum and Natural Gas Rights, Wells and Rights of First Refusal
Schedule "B"	-	General Conveyance
Schedule "C"	-	Form of Officer's Certificate
Schedule "D"	-	Form of Court Order
Schedule "E"	-	ROFR Assets

Such schedules are incorporated herein by reference as though contained in the body hereof. Wherever any term or condition of such schedules conflicts or is at variance with any term or condition in the body of this Agreement, such term or condition in the body of this Agreement shall prevail.

1.6 Damages

All losses, costs, claims, damages, expenses and liabilities in respect of which a Party has a claim pursuant to this Agreement include, without limitation, reasonable legal fees and disbursements on a solicitor and client basis.

1.7 Derivatives

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

1.8 Interpretation if Closing Does Not Occur

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

1.9 Conflicts

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

1.10 Currency

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

**ARTICLE 2
PURCHASE AND SALE AND CLOSING**

2.1 Purchase and Sale

Vendor, exercising the powers of sale granted pursuant to the Receivership Order, hereby agrees to sell, assign, transfer, convey and set over to Purchaser, and Purchaser hereby agrees to purchase from Vendor, all of the right, title, estate and interest of Vendor (whether absolute or contingent, legal or beneficial) in and to the Assets, subject to and in accordance with the terms of this Agreement.

2.2 Purchase Price

The aggregate consideration to be paid by Purchaser to Vendor for Vendor's interest in and to the Assets shall be [REDACTED] (\$) (the "Purchase Price") satisfied by Purchaser by payment to the Vendor's counsel, in trust for the Vendor, in the amount of the Purchase Price plus applicable GST and/or Sales Taxes, without adjustments of any kind or nature.

2.3 Allocation of Purchase Price

The Parties shall allocate the Purchase Price as follows:

Petroleum and Natural Gas Rights
Tangibles
Miscellaneous Interests
Total

[REDACTED]

2.4 Assumption of Abandonment and Reclamation Obligations

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

2.5 Closing

Closing shall take place at the Closing Place on the Closing Date if there has been satisfaction or waiver of the conditions of Closing herein contained. Subject to all other provisions of this Agreement, possession, risk and beneficial ownership of Vendor's interest in and to the Assets shall pass from Vendor to Purchaser on the Closing Date, effective as of the Effective Date.

(a) On the Closing Date, Vendor shall deliver to Purchaser:

- (i) the General Conveyance in the form attached as **Schedule "B"**, duly executed by Vendor; and
 - (ii) a certified copy of the Court Order.
- (b) On the Closing Date, Purchaser shall deliver to Vendor:
- (i) subject to Article 2.10, written consent to release the Purchase Price, as adjusted herein plus applicable GST and/or Sales Taxes;
 - (ii) the General Conveyance in the form attached as **Schedule "B"**, duly executed by Purchaser; and
 - (iii) the Officer's Certificate substantially in the form attached as **Schedule "C"**, duly executed by Purchaser.

2.6 Specific Conveyances

The Parties shall cooperate in the preparation of the Specific Conveyances. At a reasonable time prior to Closing, Purchaser shall use reasonable efforts to prepare and provide for Vendor's review all Specific Conveyances at Purchaser's own cost and expense. The Parties shall execute such Specific Conveyances at Closing. None of the Specific Conveyances shall confer or impose upon either Party any greater right or obligation than as contemplated in this Agreement. Promptly after Closing, Purchaser shall register and/or distribute (as applicable) all such Specific Conveyances and shall bear all costs incurred therewith and in preparing and registering any further assurances required to convey the Assets to Purchaser.

2.7 Title Documents and Miscellaneous Interests

As soon as practicable following Closing, Vendor shall deliver to Purchaser such original copies of the Title Documents and any other agreements and documents to which the Assets are subject and such original copies of contracts, agreements, records, books, documents, licenses, reports and data comprising Miscellaneous Interests which are now in the possession of Vendor or of which Vendor gains possession of prior to Closing.

2.8 Form of Payment

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

2.9 Taxes

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

Vendor	80090 5937 RT0002
Purchaser	86117 2500 RT00001

Purchaser shall, at Closing, pay to Vendor, in accordance with section 2.2 hereof, the amount of GST payable in respect of its purchase of the Assets and Vendor shall remit such amount to the applicable Governmental Authority. Purchaser shall be responsible for the payment of any additional GST or any interest and penalties payable in respect of such additional GST and shall indemnify and save harmless Vendor in respect thereof. The Parties acknowledge that the Purchase Price is exclusive of all Sales Taxes and/or GST. Purchaser shall be solely responsible for all Sales Taxes and/or GST which may be

imposed by any Governmental Authority and which pertain to Purchaser's acquisition of the Assets or to the registration of any Specific Conveyances necessitated hereby.

2.10 Non-Residency

The Vendor hereby irrevocably authorizes and directs the Purchaser to deduct the Non-Resident Holdback from the Purchase Price and to forward the Non-Resident Holdback to the Vendor's solicitors in trust upon their undertakings to deal with the Non-Resident Holdback as follows:

- (a) the Vendor's solicitors will hold the Non-Resident Holdback in an interest bearing trust account to the credit of the Vendor until Canada Revenue Agency advises the Vendor of the terms under which the Minister of National Revenue (the "**Minister**") will issue a certificate (the "**Clearance Certificate**") in prescribed form pursuant to Section 116 of the *Income Tax Act* (Canada) (the "**Tax Act**") in respect of the Vendor's disposition of the Assets pursuant to this Agreement, at which time the Vendor's solicitors shall:
 - (i) pay such portion, if any, of the Non-Resident Holdback to the Receiver General for Canada as may be required to obtain the Clearance Certificate;
 - (ii) upon receipt of the Clearance Certificate, deliver or cause the Vendor's copy of the Clearance Certificate to be delivered to the Vendor's solicitors for delivery to the Vendor;
 - (iii) thereupon release the balance of Non-Resident Holdback, if any, and all interest accrued thereon (the "**Interest**") (less any Canadian withholding tax payable by the Vendor, if any, in respect of the Interest) to or as directed by the Vendor; and
 - (iv) remit any Canadian withholding tax payable by the Vendor in respect of the Interest to the Minister of National Revenue in the manner and within the time limits set out in the Tax Act for such purposes; or
- (b) if for any reason the Minister does not issue a Clearance Certificate, the Vendor's solicitors shall:
 - (i) pay the Non-Resident Holdback to the Receiver General of Canada to the Vendor's credit;
 - (ii) pay the Interest in the manner set out in subparagraphs (a)(iii)-(iv); and
 - (iii) provide proof of its compliance with subparagraphs (b)(i) and (ii) to the Purchaser's solicitors within a reasonable period of time.

ARTICLE 3 CONDITIONS OF CLOSING

3.1 Required Consents

Both before and after Closing, each of the Parties shall use all reasonable efforts to obtain any and all approvals required under Applicable Law and any and all material consents of Third Parties required to permit the Transaction. The Parties acknowledge that the acquisition of such consents shall not be a condition precedent to Closing. It shall be the sole obligation of Purchaser, at Purchaser's sole cost and expense, to provide any and all financial assurances required by Governmental Authorities to permit the transfer to Purchaser, and registration of Purchaser as owner and/or operator, of any of the Assets including, but not limited to, the Wells.

3.2 Mutual Conditions

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

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

Unless otherwise agreed to by the Parties, if the conditions contained in this section 3.2 have not been performed or satisfied on or before the Closing Date, this Agreement and the obligations of Vendor and Purchaser under this Agreement shall automatically terminate without any further action on the part of either Vendor or Purchaser.

3.3 Purchaser's Conditions

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

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

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with, or waived by Purchaser, at or before the Closing Date, Purchaser may terminate this Agreement by written notice to Vendor. If Purchaser terminates this Agreement, Vendor and Purchaser shall be released and discharged from all obligations hereunder except as provided in section 10.13.

3.4 Vendor's Conditions

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

- (a) the representations and warranties of Purchaser herein contained shall be true in all material respects when made and as of the Closing Date;
- (b) all obligations of Purchaser contained in this Agreement to be performed prior to or at Closing shall have been timely performed in all material respects; and
- (c) all amounts to be paid by Purchaser to Vendor at Closing, including, without limitation, the Purchase Price, shall have been paid to Vendor in the form stipulated in this Agreement.

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with, or waived by Vendor, at or before the Closing Date, Vendor may terminate this Agreement by written notice to Purchaser. If Vendor terminates this Agreement, Vendor and Purchaser shall be released and discharged from all obligations hereunder except as provided in section 10.13.

3.5 Efforts to Fulfil Conditions Precedent

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

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Vendor and Receiver

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

- (a) Receiver has been appointed by the Court as receiver and manager of COGI and such appointment is valid and subsisting;
- (b) subject to obtaining the Court Order, Vendor has the right to enter into this Agreement and to complete the Transaction; and
- (c) provided the Court Order is obtained, this Agreement and any other agreements delivered in connection herewith constitute valid and binding obligations of Vendor enforceable against Vendor in accordance with their terms.

4.2 Representations and Warranties of Purchaser

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

- (a) Purchaser is a corporation duly organized, validly existing and is authorized to carry on business in the provinces in which the Lands are located;
- (b) Purchaser has good right, full power and absolute authority to purchase and acquire the interest of Vendor in and to the Assets according to the true intent and meaning of this Agreement;
- (c) except for obtaining the Court Order, the execution, delivery and performance of this Agreement has been duly and validly authorized by any and all requisite corporate, shareholders', directors' or equivalent actions and will not result in any violation of, be in conflict with, or constitute a default under, any articles, charter, bylaw or other governing document to which Purchaser is bound;
- (d) the execution, delivery and performance of this Agreement will not result in any violation of, be in conflict with, or constitute a default under, any term or provision of any agreement or document to which Purchaser is party or by which Purchaser is bound, nor under any judgement, decree, order, statute, regulation, rule or license applicable to Purchaser;
- (e) provided the Court Order is obtained, this Agreement and any other agreements delivered in connection herewith constitute valid and binding obligations of Purchaser enforceable against Purchaser in accordance with their terms;
- (f) no authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body exercising jurisdiction over the Assets is

required for the due execution, delivery and performance by Purchaser of this Agreement, other than authorizations, approvals or exemptions from requirement therefor previously obtained and currently in force or to be obtained prior to or after Closing;

- (g) Purchaser has adequate funds available in an aggregate amount sufficient to pay: (i) all amounts required to be paid by Purchaser under this Agreement; and (ii) all expenses which have been or will be incurred by Purchaser in connection with this Agreement and the Transaction;
- (h) Purchaser has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of this Agreement or the Transaction for which Vendor shall have any obligation or liability; and
- (i) Purchaser is not a non-resident of Canada within the Tax Act

4.3 Limitation of Representations by Vendor

- (a) Subject to section 4.1, Vendor expressly negates any representations or warranties, whether written or verbal, made by Vendor or its Representatives and in particular, without limiting the generality of the foregoing, Vendor disclaims all liability and responsibility for any such representation, warranty, statement or information made or communicated, whether verbal or in writing, to Purchaser or any of its Representatives. Vendor's interest in and to the Assets shall be purchased on a strictly "as is, where is" basis and there are no collateral agreements, conditions, representations or warranties of any nature whatsoever made by Vendor, express or implied, arising at law, by statute, in equity or otherwise, with respect to the Assets and in particular, without limiting the generality of the foregoing, there are no collateral agreements, conditions, representations or warranties made by Vendor, express or implied, arising at law, by statute, in equity or otherwise with respect to:
 - (i) any engineering, geological or other interpretation or economic evaluations respecting the Assets;
 - (ii) the quality, quantity or recoverability of Petroleum Substances within or under the Lands or any lands pooled or unitized therewith;
 - (iii) any estimates of the value of the Assets or the revenues or cash flows from future production from the Lands;
 - (iv) the rates of production of Petroleum Substances from the Lands;
 - (v) the quality, condition, fitness or merchantability of any tangible depreciable equipment or property interests which comprise the Assets (including the Tangibles);
 - (vi) the accuracy or completeness of the data or information supplied by the Vendor or any of its Representatives in connection with the Assets;
 - (vii) the suitability of the Assets for any purpose;
 - (viii) compliance with Applicable Laws; or
 - (ix) the title and interest of Vendor in and to the Assets.
- (b) Without restricting the generality of the foregoing, Purchaser acknowledges that it has made its own independent investigation, analysis, evaluation and inspection of Vendor's

interests in the Assets and the state and condition thereof and that it is satisfied with, and has relied solely on, such investigation, analysis, evaluation and inspection as to its assessment of the condition, quantum and value of the Assets.

- (c) Except with respect to the representations and warranties in section 4.1 or in the event of fraud, Purchaser forever releases and discharges Vendor and its Representatives from any claims and all liability to Purchaser or Purchaser's assigns and successors, as a result of the use or reliance upon advice, information or materials pertaining to the Assets which was delivered or made available to Purchaser by Vendor or its Representatives prior to or pursuant to this Agreement, including, without limitation, any evaluations, projections, reports and interpretive or non-factual materials prepared by or for Vendor, or otherwise in Vendor's possession.

ARTICLE 5 INDEMNITIES FOR REPRESENTATIONS AND WARRANTIES

5.1 Vendor's Indemnities for Representations and Warranties

Vendor shall be liable to Purchaser for and shall, in addition, indemnify Purchaser from and against, all Losses suffered, sustained, paid or incurred by Purchaser which would not have been suffered, sustained, paid or incurred had all of the representations and warranties contained in section 4.1 been accurate and truthful; provided, that nothing in this section 5.1 shall be construed so as to cause Vendor to be liable to or indemnify Purchaser in connection with any representation or warranty contained in section 4.1 if and to the extent that Purchaser did not rely upon such representation or warranty.

5.2 Purchaser's Indemnities for Representations and Warranties

Purchaser shall be liable to Vendor for and shall, in addition, indemnify Vendor from and against, all Losses suffered, sustained, paid or incurred by Vendor which would not have been suffered, sustained, paid or incurred had all of the representations and warranties contained in section 4.2 been accurate and truthful; provided, that nothing in this section 5.2 shall be construed so as to cause Purchaser to be liable to or indemnify Vendor in connection with any representation or warranty contained in section 4.2 if and to the extent that Vendor did not rely upon such representation or warranty.

5.3 Survival of Representations and Warranties

Each Party acknowledges that the other may rely on the representations and warranties made by such Party pursuant to section 4.1 or 4.2, as the case may be. The representations and warranties in sections 4.1 and 4.2 shall be true as of the date hereof and on the Closing Date, and such representations and warranties shall continue in full force and effect and shall survive the Closing Date for a period of six (6) months, for the benefit of the Party to which such representations and warranties were made. In the absence of fraud, however, no claim or action shall be commenced with respect to a breach of any such representation and warranty, unless, within such period, written notice specifying such breach in reasonable detail has been provided to the Party which made such representation or warranty.

ARTICLE 6 INDEMNITIES

6.1 Post-Closing Date Indemnity

Provided that Closing has occurred, Purchaser shall:

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

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

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

6.2 Environmental Matters and Abandonment and Reclamation Obligations

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

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

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

ARTICLE 7 MAINTENANCE OF ASSETS

7.1 Consent of Purchaser

The Vendor shall not from the date hereof to the Closing Date, without the written consent of Purchaser, which consent shall not be unreasonably withheld by Purchaser and which, if provided, shall be provided in a timely manner:

- (a) make any commitment or propose, initiate or authorize any capital expenditure with respect to the Assets, other than in respect of normal course operating and maintenance expenses and except in case of an emergency or in respect of amounts which Vendor may be committed to expend or be deemed to authorize for expenditure without its consent; provided, however, that should Purchaser withhold its consent or fail to provide its consent in a timely manner and a reduction in the value of the Assets results, there shall be no abatement or reduction in the Purchase Price;
- (b) surrender or abandon any of the Assets, unless an expenditure of money is required to avoid the surrender or abandonment and Purchaser does not provide same in a timely fashion, in which event the Assets in question shall be surrendered or abandoned without abatement or reduction in the Purchase Price;
- (c) amend or terminate any Title Document or enter into any new agreement or commitment relating to the Assets, other than agreements for the sale of Petroleum Substances produced from the Assets which may be terminated upon thirty (30) days' notice or less; or

- (d) sell, encumber or otherwise dispose of any of the Assets or any part or portion thereof excepting sales of the Leased Substances in the normal course of business.

7.2 Proposed Actions

If an operation or the exercise of any right or option respecting the Assets is proposed in circumstances in which such operation or the exercise of such right or option would result in Purchaser incurring an obligation pursuant to section 7.1, the following shall apply to such operation or the exercise of such right or option (hereinafter referred to as the "**Proposal**"):

- (a) Vendor shall promptly give Purchaser notice of the Proposal, describing the particulars in reasonable detail;
- (b) Purchaser shall, not later than twenty four (24) hours prior to the time Vendor is required to make its election with respect to the Proposal, advise Vendor, by notice, whether Purchaser wishes Vendor to exercise Vendor's rights with respect to the Proposal on Purchaser's behalf, provided that Purchaser's failure to make such election within such period shall be deemed to be Purchaser's election to participate in the Proposal;
- (c) Vendor shall make the election authorized (or deemed to be authorized) by Purchaser with respect to the Proposal within the period during which Vendor may respond to the Proposal; and
- (d) Purchaser's election (including, its deemed election) to not participate in any Proposal required to preserve the existence of any of the Assets shall not entitle Purchaser to any reduction of the Purchase Price if Vendor's interest therein is terminated as a result of such election, and such termination shall not constitute a failure of Vendor's representations and warranties pertaining to such Assets, notwithstanding section 5.3.

7.3 Post-Closing Transition

Following Closing and to the extent to which Purchaser must be novated into operating agreements and other agreements or documents to which the Assets are subject, until the novation has been effected:

- (a) Vendor shall forthwith deliver to Purchaser all revenues, proceeds and other benefits received by Vendor with respect to the Assets, provided that Vendor shall not be permitted to deduct from such revenues, proceeds and other benefits, any other costs and expenses which it incurs as a result of such delivery to Purchaser;
- (b) Vendor shall, in a timely manner, deliver to Purchaser all Third Party notices and communications, including authorizations for expenditures and mail ballots and all notices and communications received in respect of the Assets or events and occurrences affecting the Assets, and Vendor shall respond to such notices pursuant to Purchaser's written instructions, if received on a timely basis, provided that Vendor may refuse to follow any instructions which it reasonably believes to be unlawful, unethical or in conflict with any applicable agreement or contract, and provided that nothing shall preclude Vendor from taking such actions as Vendor reasonably determines are necessary for the protection of life or property, or as are required by all Applicable Laws, rules, regulations, orders and directions of Governmental Authorities and other competent authorities; and
- (c) Vendor shall, in a timely manner, deliver to Third Parties all such notices and communications which Purchaser may reasonably request and all such monies and other items as Purchaser may reasonably provide in respect of the Assets, provided that Vendor may (but shall not be obligated to) refuse to follow instructions which it reasonably believes to be unlawful, unethical or in conflict with any applicable agreement or contract.

7.4 Vendor Deemed Purchaser's Agent

- (a) Insofar as Vendor maintains the Assets and takes actions in relation thereto on Purchaser's behalf pursuant to this Article 7, provided Closing occurs Vendor shall be deemed to have been Purchaser's agent hereunder. Provided Closing occurs, Purchaser ratifies all actions taken by Vendor or refrained from being taken by Vendor pursuant to this Article 7 in such capacity during such period, with the intention that all such actions shall be deemed to be Purchaser's actions.
- (b) Insofar as Vendor participates in either operations or the exercise of rights or options as Purchaser's agent pursuant to this Article 7, Vendor may require Purchaser to secure costs to be incurred by Vendor on Purchaser's behalf pursuant to such election in such manner as may be reasonably appropriate in the circumstances.
- (c) Provided Closing occurs, Purchaser shall indemnify Vendor and its Representatives against all Losses which Vendor or its Representatives may suffer or incur as a result of Vendor maintaining the Assets as Purchaser's agent pursuant to this Article 7, insofar as such Losses are not a direct result of the gross negligence or wilful misconduct of Vendor or its Representatives. An action or omission of Vendor or of its Representatives shall not be regarded as gross negligence or wilful misconduct to the extent to which it was done or omitted from being done in accordance with Purchaser's instructions (including any election deemed pursuant to section 7.2(b)) or concurrence.

7.5 Transfer of Operatorship

Insofar as Vendor operates any of the Assets, Purchaser acknowledges that Vendor may not be able to transfer operatorship of some or all of such Assets to Purchaser at or after Closing. Vendor covenants with Purchaser that Vendor shall reasonably cooperate with Purchaser to obtain appropriate consents and approvals for the assignment and transfer to Purchaser of operatorship of those of the Assets of which Vendor is currently the operator.

ARTICLE 8 RIGHTS OF FIRST REFUSAL

8.1 Rights of First Refusal

- (a) Purchaser and Vendor acknowledge and agree that the Assets described on **Schedule "E"** are subject to Rights of First Refusal (the "**ROFR Assets**") that require the Parties to serve notices on Third Parties. Within two (2) Business Days from the execution of this Agreement, Purchaser shall provide to Vendor its *bona fide* allocations of value to such Assets (the "**Allocations**"). Vendor shall comply with the applicable provisions of such Right of First Refusal and shall, within two (2) Business Days from the receipt of the Allocations, serve notices to the Third Parties holding such Right of First Refusals, such notices to be in a form acceptable to Purchaser acting reasonably, relying upon the Allocations.
- (b) Vendor shall notify Purchaser in writing forthwith upon the exercise or waiver, on or before the Closing Date, if any, of any Right of First Refusals held by a Third Party. If any Third Party elects to exercise any Rights of First Refusal:
 - (i) the terms "Assets", "Miscellaneous Interests", "Petroleum and Natural Gas Rights" and "Tangibles" will be deemed to have been amended to reflect the exclusion of the ROFR Assets that Rights of First Refusals are exercised upon and such ROFR Assets shall not be conveyed to Purchaser;
 - (ii) the Schedules hereto will be deemed to be amended accordingly; and

the Purchase Price shall be reduced by the value allocated to such ROFR Assets.

- (c) Notwithstanding anything contained herein, Purchaser will:
- (i) be liable to Vendor and its Representatives for its Losses; and, in addition,
 - (ii) indemnify and hold harmless Vendor and its Representatives from and against all Losses;

incurred by Vendor or its Representatives as a result of or in any way relating to any Right of First Refusal including as a result of or arising from Vendor using Purchaser's allocations in accordance with Section 8.1(a). The provisions of this Article 8 shall survive the Closing Date for the benefit of Vendor.

ARTICLE 9 PURCHASER'S REVIEW AND ACCESS TO BOOKS AND RECORDS

9.1 Vendor to Provide Access

Prior to Closing, Vendor shall, subject to all contractual and fiduciary obligations, at the Calgary offices of Vendor during normal business hours, provide reasonable access for Purchaser and its Representatives to Vendor's records, books, accounts, documents, files, reports, information, materials, filings, and data, to the extent they relate directly to the Assets, as well as physical access to the Assets (insofar as Vendor can reasonably provide such access) for the purpose of Purchaser's review of the Assets and title thereto.

9.2 Access to Information

After Closing and subject to contractual restrictions in favour of Third Parties relative to disclosure, Purchaser shall, on request from Vendor, provide reasonable access to Vendor at Purchaser's offices, during its normal business hours, to the agreements and documents to which the Assets are subject and the contracts, agreements, records, books, documents, licenses, reports and data included in the Miscellaneous Interests and the Title Documents which are then in the possession or control of Purchaser and to make copies thereof, as Vendor may reasonably require for purposes relating to:

- (a) COGI's or Vendor's ownership of the Assets (including taxation matters and liabilities and claims that arise from or relate to acts, omissions, events, circumstances or operations on or before the Closing Date);
- (b) enforcing its rights under this Agreement;
- (c) compliance with Applicable Law; or
- (d) any claim commenced or threatened by any Third Party against COGI or Vendor.

9.3 Maintenance of Information

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

ARTICLE 10 GENERAL

10.1 Further Assurances

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

10.2 No Merger

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

10.3 Receiver

Purchaser acknowledges that Receiver is acting solely in its capacity as the Court-appointed receiver and manager of COGI, and not in its personal or corporate capacity. Under no circumstances shall Receiver or any of its Representatives have any liability pursuant to this Agreement, or in relation to the Transaction, in its or their personal or corporate capacity, whether such liability be in contract, tort or otherwise.

10.4 Entire Agreement

The provisions contained in any and all documents and agreements collateral hereto shall at all times be read subject to the provisions of this Agreement and, in the event of conflict, the provisions of this Agreement shall prevail. This Agreement supersedes all other agreements, documents, writings and verbal understandings between the Parties relating to the subject matter hereof and expresses the entire agreement of the Parties with respect to the subject matter hereof.

10.5 Governing Law

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

10.6 Signs and Notifications

Within sixty (60) days following Closing, Purchaser shall remove or modify any signage which indicates COGI's ownership or operation of the Assets. It shall be the responsibility of Purchaser to modify, erect or install any signage required by applicable Governmental Authorities indicating Purchaser to be the owner or operator of the Assets.

10.7 Assignment and Enurement

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

10.8 Time of Essence

Time shall be of the essence in this Agreement.

10.9 Notices

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

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

Attention: Mr. Victor P. Kroeger
Email: vic.kroeger@mnp.ca
Fax: 403-537-8437

Purchaser - **Firenze Energy Ltd.**
Suite 900, 207 - 9th Avenue S.W.
Calgary, AB T2P 1K3

Attention: Joseph Durante
Email: jdurante@toscanaenergy.ca
Fax: 403-410-6793

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

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

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

10.10 Invalidity of Provisions

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

10.11 Waiver

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

10.12 Amendment

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

10.13 Confidentiality and Public Announcements

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

10.14 Counterpart Execution

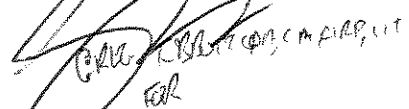
This Agreement may be executed and delivered in counterpart and transmitted by facsimile or other electronic means and all such executed counterparts, including electronically transmitted copies of such counterparts, shall together constitute one and the same agreement.

[signature page to follow]

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

MNP LTD. solely in its capacity as receiver and manager of COGI LIMITED PARTNERSHIP, CANADIAN OIL AND GAS INTERNATIONAL INC., CONSERVE OIL GROUP INC. and CONSERVE OIL 1ST CORPORATION and not in its personal or corporate capacity

FIRENZE ENERGY LTD.


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

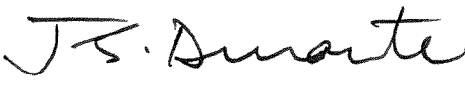
Per: _____
Name: Joseph Durante
Title: Chief Executive Officer

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

MNP LTD. solely in its capacity as receiver and manager of COGI LIMITED PARTNERSHIP, CANADIAN OIL AND GAS INTERNATIONAL INC., CONSERVE OIL GROUP INC. and CONSERVE OIL 1ST CORPORATION and not in its personal or corporate capacity

FIRENZE ENERGY LTD.

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

Per: 
Name: Joseph Durante
Title: Chief Executive Officer

THE FOLLOWING COMPRISES SCHEDULE "A" ATTACHED TO AND FORMING PART OF A PURCHASE AND SALE AGREEMENT DATED THE 1ST DAY OF September, 2018 BETWEEN MNP LTD., solely in its capacity as receiver and manager of COGI LIMITED PARTNERSHIP, and not in its personal or corporate capacity, and FIRENZE ENERGY LTD.

Lands and Petroleum and Natural Gas Rights

LANDS	PETROLEUM AND NATURAL GAS RIGHTS	COGI WI	ENCUMBRANCE
Crown PNG Lease 0504060512 (M00407)	TWP 077 RGE 05 W5M SEC 16 PNG to base Mannville Excluding PET in Clearwater	50%	CSS
Crown PNG Lease 0504060512 (M00407)	TWP 077 RGE 05 W5M SEC 16 PET in Clearwater	50%	CSS
Crown PNG Lease 0505020284 (M00404)	TWP 078 RGE 05 W5M SEC 11 PNG to base Mannville	50%	CSS
Crown PNG Lease 0504040601 (M00401)	TWP 078 RGE 05 W5M SEC 15 PNG to base Mannville	50%	CSS
Crown PNG License 5403080376 (M00355)	TWP 079 RGE 05 W5M SEC 30 PNG to base Mannville	50%	CSS
Crown PNG Lease 5405080304 (M00429)	TWP 081 RGE 07 W5M SEC 9 PNG to base Spirit River Excl 102/16-09-081-07W5/00 wellbore and associated production	50%	CSS
Crown PNG Lease 5406050776 (M00434)	TWP 081 RGE 07 W5M SEC 16 PNG to base Spirit River	50%	CSS
Crown PNG Lease 5406090369 (M00440)	TWP 081 RGE 07 W5M SEC 30 PNG to base Spirit River	50%	CSS

WELLS

UNIQUE WELL IDENTIFIER	WELL STATUS	LICENCE	COGI WI
100/01-16-077-05W5/00	SUSPENDED	0321136	50%
100/01-16-077-05W5/02	SUSPENDED	0321136	50%
100/09-11-078-05W5/02	SUSPENDED	0326452	50%
100/09-11-078-05W5/00	PRODUCING	0326452	50%
100/12-15-078-05W5/02	SUSPENDED	0320696	50%
100/12-15-078-05W5/03	PRODUCING	0320696	50%
100/12-15-078-05W5/00	SUSPENDED	0320696	50%
100/14-30-079-05W5/03	SUSPENDED	0298422	50%
100/14-30-079-05W5/02	PRODUCING	0298422	50%
100/14-30-079-05W5/00	SUSPENDED	0298422	50%
100/16-09-081-07W5/00	ABAN ZONE	0347132	50%
100/16-09-081-07W5/02	PRODUCING	0347132	50%
100/16-09-081-07W5/03	SUSPENDED	0347132	50%
100/03-16-081-07W5/00	PRODUCING	0372388	50%
100/09-30-081-07W5/00	PRODUCING	0387755	50%
100/09-30-081-07W5/02	SUSPENDED	0387755	50%

FACILITIES

FACILITY TYPE	LOCATION	LICENCE	COGI WI
COMPRESSOR	15-23-078-05W5M	F33059	50%
COMPRESSOR	16-09-081-07W5M	F37706	50%
COMPRESSOR	10-02-077-05W5M	F33545	50%
INJECTION PLANT	16-09-081-07W5M	F39074	50%

There are no pipelines associated with this Purchase and Sale Agreement.

THE FOLLOWING COMPRISES SCHEDULE "B" ATTACHED TO AND FORMING PART OF A PURCHASE AND SALE AGREEMENT DATED THE 1ST DAY OF September , 2018 BETWEEN MNP LTD., solely in its capacity as receiver and manager of COGI LIMITED PARTNERSHIP, and not in its personal or corporate capacity, and FIRENZE ENERGY LTD.

GENERAL CONVEYANCE

THIS GENERAL CONVEYANCE made this day of , 2018.

BETWEEN:

MNP LTD. solely in its capacity as receiver and manager of **COGI LIMITED PARTNERSHIP, CANADIAN OIL AND GAS INTERNATIONAL INC., CONSERVE OIL GROUP INC. and CONSERVE OIL 1ST CORPORATION** and not in its personal or corporate capacity (hereinafter referred to as "**Vendor**")

- and -

FIRENZE ENERGY LTD., a corporation incorporated under the laws of Alberta (hereinafter referred to as "**Purchaser**")

WHEREAS pursuant to an order of the Honourable Justice A.D. Macleod of the Alberta Court of Queen's Bench dated October 26, 2015, MNP Ltd. was appointed receiver and manager of Conserve Oil Group Inc., Canadian Oil & Gas International Inc. and COGI Limited Partnership;

AND WHEREAS Vendor wishes to sell, and Purchaser wishes to purchase, the Assets subject to and in accordance with the terms and conditions contained herein;

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

1. Definitions

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

"**Purchase Agreement**" means that Purchase and Sale Agreement between Vendor and Purchaser dated September 1, 2018.

2. Conveyance

Pursuant to and for the consideration provided for in the Purchase Agreement, subject to and in accordance with the Purchase Agreement and the Court Order, Vendor hereby sells, assigns, transfers, conveys and sets over to Purchaser the entire right, title, estate and interest of Vendor in and to the Assets, to have and to hold the same absolutely, together with all benefit and advantage to be derived therefrom, effective as of 8:00 a.m., September 1, 2018.

3. Subordinate Document

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

4. No Merger

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

5. Governing Law

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

6. Enurement

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

7. Further Assurances

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

8. Counterpart Execution

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

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

MNP LTD. solely in its capacity as receiver and manager of COGI LIMITED PARTNERSHIP, CANADIAN OIL AND GAS INTERNATIONAL INC., CONSERVE OIL GROUP INC. and CONSERVE OIL 1ST CORPORATION and not in its personal or corporate capacity

FIRENZE ENERGY LTD.

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

Per: _____
Name: Joseph Durante
Title: Chief Executive Officer

THE FOLLOWING COMPRISES SCHEDULE "C" ATTACHED TO AND FORMING PART OF A PURCHASE AND SALE AGREEMENT DATED THE 1ST DAY OF SEPTEMBER, 2018 BETWEEN MNP LTD., solely in its capacity as receiver and manager of COGI LIMITED PARTNERSHIP, and not in its personal or corporate capacity, and FIRENZE ENERGY LTD.

PURCHASER'S OFFICER'S CERTIFICATE

TO: MNP LTD. solely in its capacity as receiver and manager of COGI LIMITED PARTNERSHIP, CANADIAN OIL AND GAS INTERNATIONAL INC., CONSERVE OIL GROUP INC. and CONSERVE OIL 1ST CORPORATION and not in its personal or corporate capacity

AND TO: COGI LIMITED PARTNERSHIP and its General Partner CANADIAN OIL AND GAS INTERNATIONAL INC.

RE: Purchase and Sale Agreement dated September 1, 2018 between MNP Ltd., solely in its capacity as receiver and manager of COGI Limited Partnership, and not in its personal capacity and Firenze Energy Ltd. (the "Agreement")

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

I, Joseph Durante, Chief Executive Officer of Firenze Energy Ltd. ("**Purchaser**") hereby certify that as of the date of this Certificate:

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

IN WITNESS WHEREOF I have executed this Certificate this ____ day of t , 2018

Firenze Energy Ltd.

Per: _____
Joseph Durante
Chief Executive Officer

THE FOLLOWING COMPRISES SCHEDULE "D" ATTACHED TO AND FORMING PART OF A PURCHASE AND SALE AGREEMENT DATED THE 1ST DAY OF September 2018 BETWEEN MNP LTD., solely in its capacity as receiver and manager of COGI LIMITED PARTNERSHIP, and not in its personal or corporate capacity, and FIRENZE ENERGY LTD.

COURT ORDER

See attached draft Approval and Vesting Order containing 10 pages.

THE FOLLOWING COMPRISES SCHEDULE "E" ATTACHED TO AND FORMING PART OF A PURCHASE AND SALE AGREEMENT DATED THE 1ST DAY OF September 2018 BETWEEN MNP LTD., solely in its capacity as receiver and manager of COGI LIMITED PARTNERSHIP, and not in its personal or corporate capacity, and FIRENZE ENERGY LTD.

ROFR ASSETS

LANDS	PETROLEUM AND NATURAL GAS RIGHTS	COGI WI	ENCUMBRANCE
Crown PNG Lease 0504060512 (M00407)	TWP 077 RGE 05 W5M SEC 16 PET in Clearwater	50%	CSS