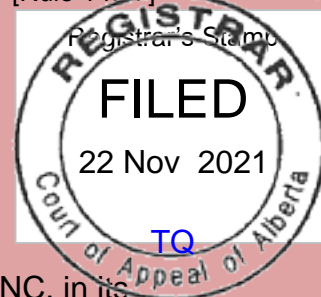


COURT OF APPEAL OF ALBERTAForm AP-5
[Rule 14.87]

COURT OF APPEAL FILE NUMBER: 2101-0119AC

TRIAL COURT FILE NUMBER: 25-2332583

REGISTRY OFFICE: CALGARY

APPLICANT: ALVAREZ & MARSAL CANADA INC. in its
capacity as the Court-appointed receiver and
manager of MANITOK ENERGY INC.

STATUS ON APPEAL: RESPONDENT

RESPONDENT: YANGARRA RESOURCES LIMITED

STATUS ON APPEAL: APPELLANT

NON-PARTY: ORLEN UPSTREAM CANADA LTD.

DOCUMENT: **EXTRACTS OF KEY EVIDENCE OF THE
RESPONDENT**

Appeal from the Decision of
The Honourable Justice B.E. Romaine
Dated the 14th day of April, 2021
Filed the 31st day of May, 2021

EXTRACTS OF KEY EVIDENCE OF THE RESPONDENT

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TABLE OF CONTENTS

| | |
|--|-----|
| Sixteenth Report of the Receiver dated October 5, 2020 | 004 |
| Appendix A - Yangarra Statement of Claim | 015 |
| Appendix B - Orlen Counterclaim | 020 |
| Appendix C - Yangarra Statement of Defence to Counterclaim | 022 |
| Appendix D - Third Party Claim of Yangarra | 026 |
| Appendix E - Consent Order | 033 |
| Appendix F - Amended Third Party Claim of Yangarra | 036 |
| Appendix G - Yangarra APA and General Conveyance | 043 |
| Appendix H - Interim Statement of Adjustments | 113 |



COURT FILE NUMBERS

25-2332583
25-2332610
25-2335351

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

PROCEEDINGS

IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF MANITOK ENERGY INC.

IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF RAIMOUNT ENERGY CORP.

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE
A PROPOSAL OF CORINTHIAN OIL CORP.

DOCUMENT

SIXTEENTH REPORT OF THE RECEIVER

October 5, 2020

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

RECEIVER

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File: 69043.001

TABLE OF CONTENTS OF THE SIXTEENTH REPORT OF THE RECEIVER

| | |
|---|----------|
| INTRODUCTION | 3 |
| PURPOSE..... | 4 |
| TERMS OF REFERENCE | 4 |
| THE YANGARRA CLAIM..... | 4 |
| FERRIER TRANSACTION..... | 7 |
| RECEIVER’S CONCLUSIONS AND RECOMMENDATIONS | 9 |

LISTING OF APPENDICES TO THE SIXTEENTH REPORT OF THE RECEIVER

| | |
|------------|--|
| APPENDIX A | Yangarra Statement of Claim |
| APPENDIX B | Orlen Counterclaim |
| APPENDIX C | Yangarra Statement of Defence to Orlen Counterclaim |
| APPENDIX D | Third Party Claim of Yangarra |
| APPENDIX E | Consent Order |
| APPENDIX F | Amended Third Party Claim of Yangarra |
| APPENDIX G | Yangarra APA and General Conveyance |
| APPENDIX H | Ferrier Transaction - Interim Statement of Adjustments |

INTRODUCTION

1. On February 20, 2018 (the “**Receivership Date**”), the Court of Queen’s Bench of Alberta (the “**Court**”) granted an order in these proceedings (the “**Consent Receivership Order**”) appointing Alvarez & Marsal Canada Inc. (“**A&M**”) as receiver and manager (the “**Receiver**”), without security, of all of the current and future assets, undertakings and properties of every nature and kind whatsoever, including but not limited to real property and wherever situate including all proceeds thereof (the “**Property**”) of Manitok Energy Inc. (“**Manitok**”) and its wholly owned subsidiary Raimount Energy Corp. (“**Raimount**”) (together, or either of them, as the context requires, the “**Company**”) pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”) and section 13(2) of the *Judicature Act*, RSA 2000, c J-2.
2. Concurrently with the Receivership, Manitok, Raimount and Manitok’s other wholly owned subsidiary, Corinthian Oil Corp. (“**Corinthian**”), were deemed bankrupt and A&M became the Licensed Insolvency Trustee of each of them.
3. As discussed in previous Reports, the most significant stakeholders in the Receivership Proceedings are now the National Bank of Canada (“**NBC**”) and the Alberta Energy Regulator (“**AER**”). NBC continues to hold a first charge over all of the undistributed assets of the Company and the proceeds therefrom. As a result of the decision of the Supreme Court of Canada (“**SCC**”) in *Orphan Well Association v Grant Thornton Ltd*, 2019 SCC 5 (“**Redwater**”), the AER is a significant stakeholder in the Receivership even though it is not a “creditor” *per se*.
4. The Receiver recently filed its Fourteenth Report, which was a fulsome report updating the Court on the status of the Receivership and an application for a distribution of funds and other ancillary matters. A Court Order was granted on July 10, 2020 approving the distribution and other relief sought by the Receiver (the “**July Order**”).

5. As was noted in the Fourteenth Report, funds continue to be held by the Receiver pending the final determination of the priority of two builder's lien claims and a claim by Yangarra Resources Limited ("Yangarra") relating to a pre-receivership sale transaction. The builder's lien claims are discussed in the Receiver's Fifteenth Report and an application to resolve that matter is scheduled for October 16, 2020.

PURPOSE

6. The purpose of this Sixteenth Report of the Receiver (the "**Sixteenth Report**" or "**this Report**") is to provide the Court with information in respect of the Receiver's application to dismiss the claim of Yangarra arising out of a pre-receivership purchase transaction wherein Yangarra acquired certain properties from Manitoak (the "Ferrier Transaction").
7. Capitalized words or terms not defined in this Report are as defined in the Receivership Order or the previous reports of the Receiver (the "**Prior Reports**").
8. All references to dollars are in Canadian currency.

TERMS OF REFERENCE

9. In preparing this Sixteenth Report, the Receiver has relied upon financial and other information contained in the Company's books and records as well as the pleadings in the action commenced by Yangarra against Orlen Upstream Canada Ltd. ("Orlen") in the Court of Queen's Bench of Alberta as Court File No. 1801-17233 (the "Orlen Action"). The Receiver has not performed an audit, review or other verification of such information.

THE YANGARRA CLAIM

10. As noted in Prior Reports, one of the few substantive matters to finalize the Receivership is the resolution of the Yangarra Claim, as defined herein. The Receiver has noted that it was in discussions with Yangarra to attempt to settle that claim. Settlement discussions have broken off and the Receiver is now seeking to dismiss the Yangarra Claim.

11. The Receiver has set aside and continues to hold the sum of \$600,000 pending resolution of the Yangarra Claim. Although Yangarra has never specified the amount of its claim, it is seeking \$600,000 in the Orlen Action.
12. The Yangarra Claim arises from the Ferrier Transaction, which is more fully discussed below.
13. On December 4, 2018 Yangarra commenced the Orlen Action by filing a Statement of Claim seeking, among other relief, damages of \$600,000. A copy of Yangarra's Statement of Claim is attached as **Appendix A**.
14. On January 23, 2019 Orlen filed a Statement of Defence together with a Counterclaim seeking damages from Yangarra in the amount of \$94,975 plus interest and costs (the "Orlen Counterclaim"). A copy of the Orlen Counterclaim is attached as **Appendix B**.
15. On March 4, 2019 Yangarra filed a Statement of Defence to the Orlen Counterclaim. A copy of Yangarra's Statement of Defence to Counterclaim is attached as **Appendix C**.
16. On August 23, 2019 Yangarra filed a Third Party Claim against Alvarez & Marsal Canada Inc. ("A&M") and subsequently filed an application for leave to commence that Third Party Claim. A copy of Yangarra's Third Party Claim is attached as **Appendix D**.
17. A&M objected to that Third Party Claim and on October 29, 2019 a Consent Order was granted by the Court (attached as **Appendix E**), pursuant to which:
 - a) Yangarra was directed to file and serve in the Orlen Action an Amended Third Party Claim and an amended application for leave to file the Amended Third Party Claim ("Amended Leave Application") by October 30, 2019, replacing A&M with Alvarez and Marsal Canada Inc. solely in its capacity as Court Appointed Receiver and not in any personal capacity. This was done on October 29, 2019, at which time Manitok was also

added as a Third Party Defendant. A copy of Yangarra's Amended Third Party Claim (the "Yangarra Claim") is attached as **Appendix F**.

- b) Yangarra was directed to seek leave to file and serve an application in the Manitok Receivership Action, #25-2332583, for payment of the Winter Service Funds and Proceeds, as those terms are defined in its Third Party Claim (the "Receivership Application"). To the best of the Receiver's knowledge, no Receivership Application has been filed or served.
 - c) The Yangarra Claim was stayed pending the determination of the Receivership Application. Within 7 days of a final decision on the Receivership Application or such other time as agreed by the parties, the Yangarra Claim is to be discontinued without costs.
 - d) The Receiver was permitted to apply to strike out or dismiss the Yangarra Claim should it deem the circumstances to so warrant. The Receiver is now seeking to dismiss the Yangarra Claim.
18. The Yangarra Claim seeks contribution and indemnity from Manitok and the Receiver in respect of any liability for the amount being sought in the Orlen Counterclaim. The Orlen Counterclaim seeks payment from Yangarra of \$94,975 in respect of processing and related fees for the period from October 2017 to January 2018 arising out of the Ferrier Transaction. This appears to be what Yangarra is claiming to be owed by Manitok for Winter Service Fees, as defined in the Yangarra Claim.
19. In addition to contribution and indemnity with respect to the Orlen Counterclaim, Yangarra appears to be claiming a remedy against Manitok and the Receiver for Proceeds (as defined in the Yangarra Claim) as well as Winter Service Fees. As noted above, the Consent Order required Yangarra to bring the Receivership Application for payment of the Proceeds and Winter Service Fees. As noted above, that has not been done. A claim for Proceeds and Winter Service Fees would have existed at the Receivership Date, which was approximately 31 months ago.

Accordingly, the Receiver is of the view that the limitation period for these claims has lapsed and that such a claim is now statute barred.

FERRIER TRANSACTION AS IT RELATES TO THE YANGARRA CLAIM

20. Pursuant to an Asset Purchase Agreement made effective October 1, 2017, Yangarra purchased certain assets from Manitoak in the Ferrier area of Alberta (“Yangarra APA”) The Yangarra APA was purportedly based on a letter of intent presented in December of 2017 and was executed on or about January 31, 2018. A copy of the Yangarra APA, without schedules, is attached as **Appendix G**.
21. Manitoak was operating under BIA Proposal proceedings at the time the Yangarra APA was executed and it required a Sale Approval and a Vesting Order from the Court (“SAVO”). A SAVO was granted on February 13, 2018 and the Yangarra APA closed on February 16, 2018, just prior to the Receivership Date.
22. The Yangarra APA included certain Manitoak natural gas wells. Orlen processed the natural gas and related products from these wells (“Production”) through its facilities and charged Manitoak processing and related fees. Manitoak took the Production in kind and arranged for the sale of Production to various third party purchasers, who paid Manitoak directly.
23. The Yangarra APA was a standard form of agreement generally utilized for oil and gas transactions in an insolvency situation. Provisions of the Yangarra APA relevant to the Yangarra Claim include the following:
 - a) The Purchase Price to be paid at closing was the sum of \$2,082,500 plus or minus any adjustments for revenue and expenses of Manitoak made on an accrual basis in accordance with generally accepted accounting principles between the effective date of October 1, 2017 and the closing Date, which was February 16, 2018 (“Closing Date”).
 - b) An interim accounting for adjustments was to be done and an interim statement of adjustments (“ISOA”) was prepared and delivered on the

Closing Date. The ISOA indicated a Purchase Price of \$2,027,470.57 after GST of \$20,825.00 and adjustments of \$75,854.43 in favor of the Purchaser for revenue and expenses for October and November, 2017. A copy of the ISOA is attached as **Appendix H**.

- c) Within sixty days of the Closing Date, a final accounting of adjustments was to be done and a final statement of adjustment (“FSOA”) was to be agreed to by the parties. The FSOA has not been done.
- d) Manitoak as Vendor was responsible for all costs up to and including the Closing Date and Yangarra as Purchaser was responsible for all such costs thereafter.
- e) All adjustments were to be adjustments to the Purchase Price.
- f) Any Conveyance Document assigning a Title and Operating Document was to provide that notwithstanding Court Approval and such Conveyance Document, Yangarra as Purchaser was to have assumed such Title and Operating Document upon notice in writing of such assumption being given to any Third Party that was party to such Title and Operating Agreement.
- g) The Yangarra APA is the entire agreement between the parties.

24. The General Conveyance executed and delivered at closing was made as of the Closing Date and indicates that:

“This General Conveyance and the transfer of title to and possession of Vendor’s interest in and to the Assets will, subject to the terms of the Agreement, be effective as of the Closing Date.”

A copy of the General Conveyance is included within **Appendix G**.

RECEIVER'S CONCLUSIONS AND RECOMMENDATIONS

25. In view of the foregoing, the Receiver is of the conclusion that the Yangarra Claim ought to be dismissed for the following reasons:
- a) The Yangarra Claim is for contribution and indemnity for any liability that Yangarra may have to Orlen for Winter Service Fees. To the best of the Receiver's knowledge, the Orlen Counterclaim has not been determined. Nor has the Receiver been provided with proof or quantification of the amount sought in the Orlen Counterclaim.
 - b) Under the terms of the Yangarra APA, Manitok was responsible for paying the Winter Service Fees. However, the Winter Service Fees are pre-Receivership obligations and consequently are unsecured claims in the Receivership Proceedings, subordinate to both the secured claim of NBC and end of life obligations to the AER.
 - c) The Ferrier Transaction giving rise to the Yangarra Claim was a pre-Receivership transaction and the Receiver has no obligation or requirement to pay any claims relating to or arising out of that transaction.
 - d) The Orlen Counterclaim does not change the fact that the Receiver is not obligated or required to pay an unsecured claim.
 - e) The allegations in the Yangarra Claim that a trust was created and that the Receiver was acting as a trustee have no basis and the Receiver has not been provided with any evidence to support these allegations.
26. In addition to the Yangarra Claim, it appears that Yangarra is asserting a claim against the Receiver for payment of Proceeds and Winter Service Fees, as defined in the Yangarra Claim.

27. The Receiver is of the conclusion that any such claim that Yangarra has or may make in the future against the Receiver should also be dismissed, for the following reasons:
- a) The Consent Order granted on October 29, 2019 required Yangarra to file and serve an application for such claims in the Receivership. No such application has been filed or served and any such claims would now be statute barred.
 - b) The Winter Service Fees and Proceeds relate to the Yangarra APA, which is a pre-Receivership transaction. Any amounts payable by Manitoak to Yangarra for these claims would, in accordance with the Yangarra APA, be adjustments to the Purchase Price as determined by a FSOA. Although Manitoak may be liable for these claims, they would be unsecured claims in the Receivership proceedings.
 - c) The Receiver has no obligation or requirement to pay unsecured claims.
 - d) Winter Service Fees and Proceeds for October and November 2017 were adjusted on the ISOA and Yangarra received credit for those in paying a reduced Purchase Price. Winter Service Fees and Proceeds for December 2017 and January 2018 would have been adjusted on the FSOA and any payment due to Yangarra by Manitoak would be an unsecured claim. The Receiver has no obligation or requirement to pay such claim or any other pre-Receivership liabilities of Manitoak that are unsecured claims.
28. The Receivership proceedings are substantially complete, with the Yangarra Claim being one of the few remaining substantive issues requiring finalization for purposes of allowing the Receiver to obtain its discharge.
29. The Receiver therefore recommends that this Honourable Court:
- a) Dismiss the Yangarra Claim against the Receiver; and

- b) Dismiss any further claims Yangarra may be asserting against the Receiver in respect of Winter Service Fees and Proceeds.

All of which is respectfully submitted this 5th day of October, 2020.

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as Receiver of Manitok
and not in its personal or corporate capacity**



Orest Konowalchuk, CPA, CA, CIRP, LIT
Senior Vice President

Form 10
Rule 3.25

COURT FILE NO. **1801-17233**

COURT Court of Queen's Bench of Alberta

JUDICIAL CENTRE CALGARY

PLAINTIFF YANGARRA RESOURCES LTD.

DEFENDANT ORLEN UPSTREAM CANADA LTD.

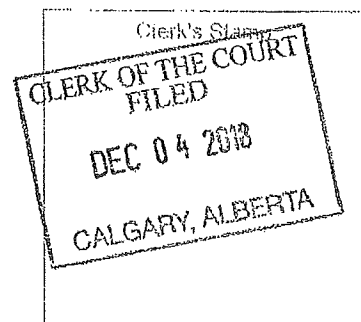
DOCUMENT **STATEMENT OF CLAIM**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION
OF PARTY
FILING THIS
DOCUMENT

Gowling WLG (Canada) LLP
1600, 421 – 7th Avenue S.W.
Calgary, AB T2P 4K9

Telephone (403) 298-1000
Facsimile (403) 263-9193

File No. A159852



Attention: Warren Foley

NOTICE TO DEFENDANT(S)

You are being sued. You are a defendant.

Go to the end of this document to see what you can do and when you must do it.

Note: State below only facts and not evidence (Rule 13.6)

Statement of facts relied on:

1. Yangarra Resources Ltd. ("**Yangarra**") is an Alberta company engaged in the exploration, development, and production of petroleum and natural gas in Western Canada.
2. Orlen Upstream Canada Ltd. ("**Orlen**") is an Alberta company similarly engaged.

3. Yangarra was successor as "Producer" and Orlen successor as "Operator" under two Gas Handling Agreements, described below:

- i. Cow Lake 03-16-38-7W5 Compression Facility and Gas Gathering System Gas Handling Agreement between Provident Energy Ltd. and Tournament Exploration Ltd., Effective February 1, 2009, Contract No. SA2908
- ii. Ferrier Area Gas Handling Agreement between Angle Energy Inc. and Tournament Exploration Ltd. Effective March 1, 2012, Contract No. SV0644

(Collectively, the "**Agreements**")

4. Yangarra acquired its interests in the Agreements from Manito Energy Inc. ("**Manitok**") on January 31, 2018. Manitok made a deemed assignment in bankruptcy on February 20, 2018.
5. The Agreements governed the handling, processing, and allocation of oil and gas substances produced from several Yangarra wells, including the following:

00/03-23-038-07W5

02/03-23-038-07W5

00/08-03-038-07W5

00/08-03-038-07W5

14-19-38-6W5

(Collectively, the "**Wells**").

6. By the Agreements, the producer (i.e. Manitok until January 31, 2018 and Yangarra thereafter) was to deliver natural gas and related substances from the Wells to Orlen's facilities and pay Orlen a monthly handling charge for processing. Orlen would then allocate to the producer its proportional share of the facilities' "outlet substances" (the "**Substances**").

7. As part of the purchase price for ManitoK's assets, Yangarra paid ManitoK's net operating expenses (including the gas handling charges set out in the Agreements as described above) for the months of October 2017, November 2017, December 2017 and January 2018.
8. Insofar as is known to Yangarra, Orlen billed ManitoK for handling charges for these months, but ManitoK did not pay and Orlen took no enforcement action. At all material times, Orlen failed to inform Yangarra that it was allowing the insolvent ManitoK to operate on credit.
9. After ManitoK's bankruptcy, in or around around May 2018, Orlen began demanding payment from Yangarra of ManitoK's handling charges for the months noted above.
10. By letter of August 10, 2018, Orlen issued a Notice of Default to Yangarra, demanding immediate payment of ManitoK's handling charges on threat of it taking steps to enforce its right and remedies under the Agreements. Orlen added that it was prepared to discuss Yangarra's objections to the billings only upon full payment. In response to Orlen's ultimatum, Yangarra paid the then current Joint Interest Bills under protest as the amounts being demanded by Orlen were not due and owing. The amounts paid by Yangarra were with respect to all current processing and handling charges but did not include the charges due and owing by ManitoK.
11. As of August 14, 2018, Yangarra had paid all outstanding operating expenses for the Wells from February 2018 to July 2018. Notwithstanding this fact, Orlen failed to allocate its substance allocation from the Wells for the months of February 2018, July 2018 and August 2018. In addition, without notice, Orlen increased the processing rates at the facility from \$36 per e³m³ to \$60 per e³m³. As a result of the conduct of Orlen, Yangarra was forced to shut in the Wells on or about August 30, 2018. As of the filing of this claim, the Wells remain shut in.
12. As operator under the Agreements, Orlen is granted overall management and control of the gas handling, measurement and allocation of the Substances and has the ability to exercise discretion and power in relation to Yangarra and, in this respect, is a fiduciary and owes fiduciary duties to Yangarra.

13. Orlen has breached the Agreements, its duties as operator, its fiduciary duties, and has otherwise failed to comply with the terms of the Agreements, some particulars of which include:
 - i. Failing to determine the allocation of the Substances on a monthly basis;
 - ii. Failing to provide Yangarra with a statement showing the total volume of Yangarra's inlet substances accepted at the facility on or before the 25th day of each month;
 - iii. Failing to provide proper payment to Yangarra for the Substances on a monthly basis;
 - iv. Failing to provide Yangarra with proper notice of increased handling charges to process Yangarra's production;
 - v. Such further and other particulars as shall be proven at the trial of this action.
14. Since becoming operator under the Agreements, Orlen has demonstrated a marked and flagrant departure from the standard of conduct of a reasonable operator and shown utter disregard for the harmful, foreseeable and avoidable consequences of its actions. As such, its actions as operator constitute gross negligence and have caused and continue to cause Yangarra loss and damage, including additional expenses and loss of operating revenue in an amount to be proven at trial.

Remedy sought:

15. Judgment in the amount of \$600,000, or such other amount as will be proven at trial;
16. A Declaration that the increased handling charges for the months of July 2018 and August 2018 are of no force and effect;
17. A Declaration that no handling charges accrued to Yangarra under the Agreements for the months of October, November, and December 2017 and January 2018.
18. Interest pursuant to the *Judgment Interest Act*, RSA 2000, c. J-1.
19. Costs of this action.
20. Such further and other relief as the Court considers appropriate.

NOTICE TO THE DEFENDANT(S)

You only have a short time to do something to defend yourself against this claim:

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

2 months if you are served outside Canada.

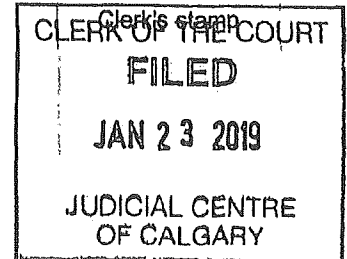
You can respond by filing a statement of defence or a demand for notice in the office of the clerk of the Court of Queen's Bench at Calgary, Alberta, AND by serving your statement of defence or a demand for notice on the plaintiff's(s') address for service.

WARNING

If you do not file and serve a statement of defence or a demand for notice within your time period, you risk losing the law suit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the plaintiff(s) against you.

Form 21
[Rules 3.57 and
12.11(3)]

COURT FILE NUMBER 1801-17233
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF BY ORLEN UPSTREAM CANADA LTD.
COUNTERCLAIM
DEFENDANT BY YANGARRA RESOURCES LTD.
COUNTERCLAIM
DOCUMENT COUNTERCLAIM



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
Norton Rose Fulbright Canada LLP
400 3rd Avenue SW, Suite 3700
Calgary, Alberta T2P 4H2 CANADA
Tel: +1 403.267.8222
Fax: +1 403.264.5973

Attention: Steven H. Leidl
File no.: 1001054553

NOTICE TO DEFENDANT BY COUNTERCLAIM

You are being sued. You are a defendant by counterclaim.

Go to the end of this document to see what you can do and when you must do it.

NOTE: State below only facts and not evidence [Rule 13.6]

Statement of facts relied on:

1. ORLEN adopts the pleading in its Statement of Defence.
2. ORLEN has suffered damages as a result of Yangarra's breach of the Agreements and failure to pay ORLEN the Processing and Related Fees for the months set out in its Statement of Defence.
3. Yangarra is liable to ORLEN to compensate it for such damages.

Remedy sought:

4. ORLEN respectfully claims judgment against Yangarra for:

- (a) payment of damages in the amount of \$94,975 plus interest and future amounts to be determined;
- (c) interest pursuant to the *Judgment Interest Act*, RSA 2000, c J-1, as amended;
- (d) costs on such scale as this Honourable Court determines to be just; and
- (e) such other relief as this Court determines to be just.

NOTICE TO THE DEFENDANT BY COUNTERCLAIM

You only have a short time to do something to respond to this counterclaim:

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

2 months if you are served outside Canada.

You can respond by filing a statement of defence or a demand for notice to counterclaim in the office of the clerk of the Court of Queen's Bench at Calgary, Alberta, AND serving your statement of defence or a demand for notice to counterclaim on the plaintiff by counterclaim's address for service.

WARNING

If you do not file and serve a statement of defence or a demand for notice to counterclaim within your time period, you risk losing the law suit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the plaintiff by counterclaim against you after notice of the application has been served on you.

COURT FILE NO. 1801-17233

COURT Court of Queen's Bench of Alberta

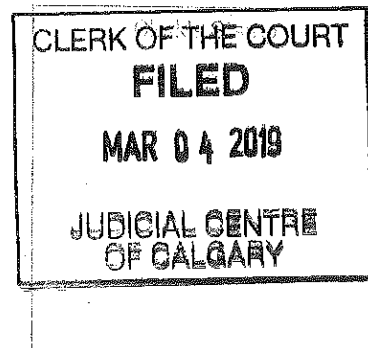
JUDICIAL CENTRE CALGARY

PLAINTIFF YANGARRA RESOURCES LTD.

DEFENDANT ORLEN UPSTREAM CANADA LTD.

PLAINTIFF BY
COUNTERCLAIM ORLEN UPSTREAM CANADA LTD.

DEFENDANT BY
COUNTERCLAIM YANGARRA RESOURCES LTD.



DOCUMENT STATEMENT OF DEFENCE TO COUNTERCLAIM

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION
OF PARTY
FILING THIS
DOCUMENT

Gowling WLG (Canada) LLP
1600, 421 – 7th Avenue S.W.
Calgary, AB T2P 4K9

Telephone (403) 298-1000
Facsimile (403) 263-9193

File No. A159852

Attention: Warren Foley / Natasha Tames

Statement of facts relied on:

1. The Defendant by Counterclaim, Yangarra Resources Ltd. ("Yangarra"), pleads and relies upon the facts alleged in the Statement of Claim and adopts the definitions set forth in the Statement of Claim.
2. Except where specifically admitted herein, Yangarra denies all allegations in the Counterclaim.

Any Matters that Defeat the Claim of the Plaintiffs by Counterclaim:

3. In answer to the whole Counterclaim, Yangarra expressly denies that it became responsible for the debts of Manitok as alleged, or at all, and puts the Plaintiff by Counterclaim to the strict proof thereof.
4. Yangarra denies that the Plaintiff by Counterclaim has suffered any losses or damages alleged in the Counterclaim or at all, and puts the Plaintiff by Counterclaim to the strict proof thereof.
5. If the Plaintiff by Counterclaim has suffered damages as alleged in the Counterclaim, which is denied, then such damages were not caused or contributed to by any acts or omissions on the part of Yangarra.
6. Further and in the alternative, Yangarra states that the Plaintiff by Counterclaim has failed to properly mitigate its damages by failing to register its claim as against Manitok with the current Trustee in Bankruptcy and Receiver, Alvarez & Marsal.
7. Yangarra states, and the fact is, that Orlen's avenue for recovery by way of Counterclaim is improper. The proper course of recovery of any unpaid fees owed by Manitok to Orlen was to register a claim with the receiver and trustee in bankruptcy of Manitok in the Court of Queen's Bench of Alberta in Bankruptcy and Insolvency Estate Numbers 25-2332583, 25-2332610, and 25-2335351.
8. Yangarra states that the Counterclaim is an attempt to recover any unpaid liabilities of Manitok as against Yangarra, and is an attempt to circumvent the proper bankruptcy and insolvency procedure and is invalid and improper.

Payment of Orlen's Fees from October 2017 to January 2018

9. Yangarra has already paid for Orlen's gas handling, processing, and other fees for the period of October 2017 to January 2018, inclusively.
10. On December 22, 2017, Yangarra offered to purchase all of Manitok's interests in the land legally described as TWP 037-08W5 S/2 Sec 26 (the "**Ferrier Property**"). Manitok accepted the offer.

11. On February 20, 2018, Yangarra entered into an Asset Purchase Agreement with Manitok effective October 1, 2017 wherein Yangarra purchased the Ferrier Property (the "**Purchase Agreement**") for the sum of \$2,027,470.57 (the "**Purchase Funds**").
12. It was an express term of the Purchase Agreement with Manitok and/or Manitok's Proposal Trustee in Bankruptcy, FTI Consulting Canada Inc. ("FTI"), and/or Manitok's Trustee in Bankruptcy, Alvarez & Marsal Canada Inc. ("Alvarez"), that some of the Purchase Funds would be paid to Orlen in full and final satisfaction of outstanding processing and other fees for the period of October 2017 to January 2018, inclusively (the "**Winter Service Payment**").
13. Yangarra states, and the fact is, that it has already paid the Winter Service Payment as part of the Purchase Funds.
14. Yangarra was not responsible for remittance of the Winter Service Payment to Orlen.
15. To the best of Yangarra's knowledge, Manitok, FTI, Alvarez and/or Manitok's largest secured creditor, the National Bank of Canada ("**NBC**"), received the Purchase Funds and were responsible for remitting Orlen with the Winter Service Payment. Any failure to do so is not attributable to Yangarra and is a result of the breach of contract and negligence of Manitok, FTI, Alvarez, and/or the National Bank of Canada in failing to provide Orlen with the Winter Service Payment, in direct breach of the Purchase Agreement.

Assignment of the Agreements

16. In further answer to the whole of the Counterclaim, Yangarra denies that it has breached any of the terms of the two well operating agreements and two gas handling agreements (collectively, the "**Agreements**"), as alleged or at all.
17. Yangarra states that the Agreements were assigned to Yangarra, but were not novated to Yangarra.
18. At no time did Yangarra and Orlen enter into any express or implied agreement whereby Yangarra would become liable for any pre-existing debt of Manitok to Orlen. At no time did Yangarra, Orlen, and Manitok enter into a tripartite agreement wherein the assumption of Manitok's debt by Yangarra was expressly contemplated and agreed to by the parties.

19. In the alternative, if the Agreements were novated to Yangarra, it was an express term of the three assignment agreements which assigned the Agreements to Yangarra (the "**Assignment Agreements**") that Yangarra perform all covenants and obligations from and after October 1, 2017. At no time did Yangarra agree to pay Manitok's outstanding fees prior to October 1, 2017, nor was such payment contemplated.
20. Yangarra has paid the Winter Service Payment and accordingly, is not in breach of the Assignment Agreements.

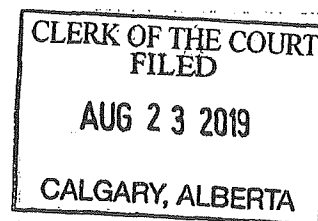
The Vesting Order

21. In answer to the whole of the Counterclaim, Yangarra states that if it owed any obligation to cover any outstanding liabilities of Manitok from July 2017 to October 2017, which is expressly denied, then the Approval and Vesting of Sale Order of Madam Justice K.M. Horner, dated February 15, 2018 (the "**Vesting Order**"), extinguished any and all security interests, hypothecs, trusts, deemed trusts, liens, charges, or other financial or monetary claims, whether or not they have been attached or perfected, registered or filed, and whether secured, unsecured or otherwise, that may have attached to the Ferrier Property. The Vesting Order expressly expunges and discharges any interests or encumbrances that may attach to the Ferrier Property.
22. Yangarra states, and the fact is, that if Yangarra became responsible to pay any pre-existing liabilities of Manitok to Orlen, which is denied, then the Vesting Order expressly negates any liability Yangarra may have had with respect to claims against Manitok for outstanding fees and bars Orlen's claims against Yangarra.

Remedy Sought:

23. Yangarra requests that the Counterclaim be dismissed with costs payable to Yangarra.
24. In the alternative, if Yangarra is obliged to pay the damages sought by Orlen in its Counterclaim, Yangarra requests that such amount be set off as against the losses and damages claimed by Yangarra in its Statement of Claim, resulting in a net judgment due to Yangarra.

Form 16
Rule 3.45



COURT FILE NO. 1801-17233

COURT Court of Queen's Bench of Alberta

JUDICIAL CENTRE Calgary

PLAINTIFF/DEFENDANT BY COUNTERCLAIM YANGARRA RESOURCES LTD.

DEFENDANT/PLAINTIFF BY COUNTERCLAIM ORLEN UPSTREAM CANADA LTD.

THIRD PARTY DEFENDANT ALVAREZ & MARSAL CANADA INC.

DOCUMENT**THIRD PARTY CLAIM**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION
OF PARTY
FILING THIS
DOCUMENT

Gowling WLG (Canada) LLP
1600, 421 – 7th Avenue S.W.
Calgary, AB T2P 4K9

Telephone (403) 298-1878
Facsimile (403) 695-3582

File No. A159852

Attention: Warren Foley

NOTICE FROM YANGARRA RESOURCES LTD., DEFENDANT, TO THE THIRD PARTY DEFENDANT, ALVAREZ & MARSAL CANADA INC.:

This third party claim is made against you. You are a third party defendant.

Go to the end of this document to see what you can do and when you must do it.

Note: State below only facts and not evidence (Rule 13.6).

Statement of facts relied on:

1. All capitalized terms in the Third Party Notice have the same meaning ascribed to such terms in the Statement of Claim except as otherwise specifically defined herein.
2. An action has been commenced by the Plaintiff by Counterclaim, Orlen Upstream Canada Ltd. ("**Orlen**"), against Yangarra Resources Ltd. ("**Yangarra**") based on allegations of breach of contract and as more particularly described in the Orlen Counterclaim, a copy of which is attached.
3. Yangarra denies any and all liability to Orlen on the grounds outlined in their Statement of Defence and Counterclaim, copies of which are attached.
4. In the event that Yangarra is held liable to Orlen, Yangarra claims contribution or indemnity from the Third Party Defendant, Alvarez & Marsal Canada Inc. ("**Alvarez**") in whole or in part, in respect of any liability for the claims being advanced by Orlen.

The Third Party

5. Alvarez, insofar as is known to Yangarra, is a corporation incorporated pursuant to the laws of Alberta that carries on business as a restructuring firm and as receiver in bankruptcy. On or around February 20, 2018, Alvarez was appointed by the Alberta Court of Queen's Bench as Receiver (the "**Receivership Order**") of the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof, of Manito Energy Inc. ("**Manitok**").

Purchase Agreement and Receivership Order

6. On December 22, 2017, Yangarra offered to purchase all of Manitok's interests in the land legally described as TWP 037-08W5 S/2 Sec 26 (the "**Ferrier Property**"). Manitok accepted the offer ("**Purchase Agreement**") for the sum of \$2,027,470.57 (the "**Purchase Funds**").
7. Prior to the Purchase Agreement being finalized, Orlen was responsible for processing gas substances derived from the Ferrier Property and providing Manitok with the related proceeds. Orlen provided Manitok with the related proceeds for December 2017 and

January 2018 ("**the Proceeds**"). These amounts were forwarded to Manitoak prior to the Receivership Order.

8. In or around February 2018, but prior to the Receivership Order being issued, Manitoak assigned its agreements with Orlen to Yangarra with an effective date of assignment of October 1, 2017. Yangarra was assigned its proportional share of production from the Well (the "Well") as of October 1, 2017, including amounts for December 2017 and January 2018 (the "**Proceeds**").
9. It was an express or implied term of the Purchase Agreement and the Assignments that:
 - (a) The Purchase Funds specifically included amounts owing to Orlen (the "**Winter Service Funds**") for the processing and related fees for the period of October 2017 through January 2018 (the "**Processing and Related Fees**");
 - (b) Manitoak was required to remit the Winter Service Funds to Orlen;
 - (c) The Winter Service Funds would be used solely for the purposes of paying the Processing and Related Fees to Orlen;
 - (d) The Winter Service Funds would be paid to Orlen on demand;
 - (e) The Winter Service Funds were guaranteed by Manitoak and its successors;
 - (f) Manitoak was required to remit the Proceeds to Yangarra;
 - (g) The Proceeds would be provided to Yangarra upon receipt of the same;
 - (h) The Proceeds would be paid to Yangarra on demand; and
 - (i) The Proceeds were guaranteed by Manitoak and its successors.
10. Manitoak made a deemed assignment in bankruptcy on February 20, 2018 and the Receivership Order was issued in favour of Alvarez on the same date. As part of the Receivership Order, Alvarez was granted custodial responsibility for any and all assets of Manitoak, including the Winter Service Funds and Proceeds.

Breach of Purchase Agreement and Duty to Act in Commercially Reasonable Manner

11. Alvarez as Receiver, has adopted and/or, in the alternative, agreed to comply with the terms of the Purchase Agreement and Assignment, including remittance of the Winter Service Funds to Orlen and the Proceeds to Yangarra.

- 4 -

12. Further, pursuant to section 247 of the *Bankruptcy and Insolvency Act R.S.C., 1985, c B-3*, Alvarez also has a duty to act honestly, in good faith, and in a commercially reasonable manner with respect to any interested parties.
13. Alvarez has breached the Purchase Agreement and the Assignment and has acted contrary to its statutory duties by:
 - (a) Failing to remit the Winter Service Funds provided by Yangarra and owing to Orlen for the Processing and Related Fees;
 - (b) Failing to remit the Proceeds from the Well provided to Manitok and owing to Yangarra;
 - (c) Failing to act in a commercially reasonable manner in failing to pay the debt to Orlen as obliged by law and/or to preserve the goodwill of Manitok;
 - (d) Failing to act in a commercially reasonable manner in failing to pay the amounts owed to Yangarra for production as obliged by law and/or to preserve the goodwill of Manitok; and
 - (e) Further particulars as will be proven in the trial of this action.

Breach of Trust Obligations

14. In the alternative, at the time of the Purchase Agreement and thereafter, Manitok held a trust obligation to Yangarra to apply the Winter Service Funds provided in the Purchase Agreement to Orlen for payment of the Processing and Related Fees. Alvarez continue to hold this trust obligation on behalf of Yangarra to apply the Winter Service Funds for payment to Orlen of the Processing and Related Fees.
15. Manitok also held a trust obligation to Yangarra to pay them the Proceeds as provided for in the Assignments. Alvarez continues to hold this trust obligation on behalf of Yangarra to pay them the Proceeds as provided for in the Assignments.
16. The Winter Service Funds and Proceeds were provided to Manitok in trust (the "**Winter Service Trust**") with the following express or implied trust obligations:
 - (a) The Winter Service Funds were to be used specially and exclusively for the purpose of paying the Processing and Related Fees;
 - (b) The Winter Service Funds remained the property of Yangarra;

- (c) The Proceeds were to be used to pay Yangarra its proportional share for gas production for December 2017 and January 2018;
 - (d) The Proceeds remained the property of Yangarra;
 - (e) ManitoK and then Alvarez, as Receiver, was under a continuing trust obligation and had a fiduciary duty to remit the Winter Service Funds to pay Orlen the Processing and Related Fees; and
 - (f) ManitoK and then Alvarez, as Receiver, was under a continuing trust obligation and had a fiduciary duty to remit the Proceeds to Yangarra.
17. Yangarra and ManitoK intended to create the Winter Service Trust, settle the trust and impose trust obligations, either expressly or by implication, on the terms stated above. As ManitoK's Receiver, Alvarez remained subject to the trust obligations of the Winter Service Trust.
18. Yangarra never parted with beneficial title to the Winter Service Funds or the Proceeds. The Winter Service Funds and the Proceeds were conveyed to ManitoK and then to Alvarez subject to an equitable obligation to use those funds to remit to Orlen for payment of the Processing and Related Fees and for Yangarra's proportional share of gas production. The funds were not remitted to ManitoK and then Alvarez to use in whatever way they saw fit.
19. The Winter Service Funds are being held by Alvarez on a trust obligation in favour of Yangarra, with the term of the trust being that the Winter Service Funds be conveyed to Orlen for the Processing and Related Fees. The Proceeds are being held by Alvarez on a trust obligation in favour of Yangarra with the term of the trust being that the Winter Amount be conveyed to Yangarra for their proportional share of gas production for December 2017 and January 2018.
20. The Winter Service Funds and Proceeds were never the property of ManitoK and the creditors of ManitoK have no entitlement to the funds in question.
21. Alvarez, as trustee, had a fiduciary duty to abide by the trust obligations to Yangarra to remit the Winter Service Funds to Orlen for payment of the Processing and Related Fees. If, as alleged, the Winter Service Funds were never remitted by Alvarez to Orlen for payment of the Processing and Related Fees, Alvarez has breached its trust obligations to Yangarra and its fiduciary duties.

22. Alvarez, as trustee, had a fiduciary duty to abide by the trust obligations to remit the Proceeds to Yangarra for payment of the proportional share of gas production for December 2017 and January 2018. Alvarez has breached its trust obligations by not remitting these amounts to Yangarra.
23. Yangarra pleads and relies on the provisions of the *Tort-feasors Act, RSA 2000, c T-5*, and all amendments thereto.

Remedy sought:

24. Yangarra claims the following against Alvarez:
- (a) To be indemnified in whole or in part, in respect of any judgement, damages or interest in this action, given against Yangarra;
 - (b) To have the Winter Service Funds returned to them by Alvarez;
 - (c) To have the Proceeds remitted to Yangarra by Alvarez;
 - (d) Costs of this action and these proceedings;
 - (e) Judgement in these proceedings against the Third Party Defendant; and
 - (f) Such further and other relief as this Honourable Court deems just.

NOTICE TO THE THIRD PARTY DEFENDANT(S)

You only have a short time to do something to respond to this third party claim:

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

2 months if you are served outside Canada.

You can respond by filing a statement of defence or a demand for notice in the Office of the Clerk of the Court of Queen's Bench at Calgary, Alberta, AND serving your statement of defence or a demand for notice on the defendant's address for service.

WARNING

If you do not file and serve a statement of defence or a demand for notice within your time period, you risk losing the claim against you automatically. If you do not file, or do not serve or are late in doing either of these things, a court may give judgment to the defendant/plaintiff against you.

This third party claim must be tried with other claims in the action unless the Court otherwise orders.

If you do not file a statement of defence disputing liability of the defendant to the plaintiff, you admit the validity of any judgment that the plaintiff obtains against the defendant, whether obtained by agreement or otherwise.

If you do not file a statement of defence disputing your own liability to the third party plaintiffs under the third party claim, you admit liability to the extent claimed in the third party claim.

COURT FILE NUMBER 1801-17233

COURT QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF/DEFENDANT BY COUNTERCLAIM YANGARRA RESOURCES LIMITED

DEFENDANT/PLAINTIFF BY COUNTERCLAIM ORLEN UPSTREAM CANADA LTD.

THIRD PARTY DEFENDANT ALVAREZ & MARSAL CANADA INC.

DOCUMENT **CONSENT ORDER**



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

McMillan LLP
#1700, 421 – 7th Avenue SW
Calgary, AB T2P 4K9

Attention: Andrew E. Stead
Phone: (403) 531-4700
Fax: (403) 531-4720
File No: 269125

I hereby certify this to be a true copy of the original Order

Dated this 29 day of Oct 2019
J. Hup
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: October 29, 2019

LOCATION OF HEARING: Calgary, Alberta

NAME OF MASTER WHO MADE THIS ORDER: Master Farrington

UPON the application of the Plaintiff/Defendant by Counterclaim, Yangarra Resources Limited ("Yangarra") filed August 30, 2019 for leave to commence a Third Party Claim against Alvarez & Marsal Canada Inc. (the "Yangarra Application"); AND UPON reviewing the affidavit of Gurdeep Gill, filed August 30, 2019; AND UPON noting the Third Party Claim of Yangarra filed August 23, 2019 (the "Third Party Claim"), to which Alvarez & Marsal Canada Inc. objects; AND UPON noting the consent of counsel for Alvarez & Marsal Canada Inc.; IT IS HEREBY ORDERED AS FOLLOWS:


1. Yangarra shall file and serve an Amended Third Party Claim and Amended Yangarra Application substituting "Alvarez & Marsal Canada Inc. as Receiver and Manager of

Manitok Energy Inc.” (the “Receiver”) for “Alvarez & Marsal Canada Inc.” as Third Party Defendant. The body of the Third Party Claim, including the Notice to Third Party Defendant and paragraph 4 thereof, shall also be amended as necessary to reflect this substitution. In addition, the following wording shall be added to paragraph 4 of the Amended Third Party Claim:

This Amended Third Party Claim is being brought against Alvarez & Marsal Canada Inc., acting in its sole capacity as the court appointed Receiver and Manager of Manitok Energy Inc. and not in its personal or corporate capacity.

2. Yangarra may make additional amendments as part of its Amended Third Party Claim without prejudice to the Receiver's right to contest them, provided that such amendments are not inconsistent with the terms of this Order.
3. Yangarra shall seek leave to file and serve an application in Court File No. 25-2332583 in the Court of Queen's Bench of Alberta for payment of the Winter Service Funds and Proceeds, as those terms are defined in its Third Party Claim (the “Receivership Application”).
4. Yangarra shall file and serve its Amended Third Party Claim and Amended Yangarra Application on or before October 30, 2019, failing which its Third Party Claim shall be struck and the Yangarra Application shall be dismissed without further Order.
5. The Amended Third Party Claim and Amended Yangarra Application shall be stayed pending the determination of the Receivership Application. Within 7 days after any final decision is granted in the Receivership Application, or such other period as may be agreed to between Yangarra and the Receiver, the Amended Third Party Claim and Amended Yangarra Application shall be discontinued without costs.
6. Notwithstanding the stay referred to above, the Receiver may apply to strike out or dismiss the Amended Third Party Claim if it deems the circumstances to warrant it.
7. Nothing in this Order shall operate so as to deem the Third Party Claim or Amended Third Party Claim validly filed by Yangarra.

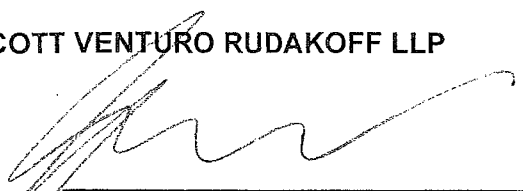
8. This Order may be consented to electronically.



M.C.Q.B.A.

Consented to by:

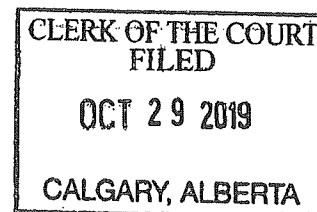
SCOTT VENTURO RUDAKOFF LLP



Per. EUGENE J. BODNAR
Counsel for Alvarez & Marsal Canada Inc.

Form 16
Rule 3.45

COURT FILE NO. 1801-17233
COURT Court of Queen's Bench of Alberta
JUDICIAL CENTRE Calgary



PLAINTIFF/DEFENDANT BY COUNTERCLAIM YANGARRA RESOURCES LTD.

DEFENDANT/PLAINTIFF BY COUNTERCLAIM ORLEN UPSTREAM CANADA LTD.

THIRD PARTY DEFENDANTS MANITOK ENERGY INC. and ALVAREZ & MARSAL CANADA INC. as Receiver and Manager of Manitok Energy Inc.

DOCUMENT AMENDED THIRD PARTY CLAIM

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION
OF PARTY
FILING THIS
DOCUMENT

^McMillan LLP
#1700, 421 – 7th Avenue SW
Calgary, AB T2P 4K9

Attention: Andrew E. Stead
Phone: 403.531.4700
Fax: 403.531.4720
Matter No. 269125

AMENDED this 29th day of October, 2019 Pursuant to
Rule 3.162
dated the 29th day of Oct., 2019

NOTICE FROM YANGARRA RESOURCES LTD., DEFENDANT, TO THE THIRD PARTY DEFENDANTS, MANITOK ENERGY INC. and ALVAREZ & MARSAL CANADA INC. as Receiver and Manager of Manitok Energy Inc.:

This third party claim is made against you. You are a third party defendant.

Go to the end of this document to see what you can do and when you must do it.

Note: State below only facts and not evidence (Rule 13.6).

Statement of facts relied on:

1. All capitalized terms in the Third Party Notice have the same meaning ascribed to such terms in the Statement of Claim except as otherwise specifically defined herein.
2. An action has been commenced by the Plaintiff by Counterclaim, Orlen Upstream Canada Ltd. ("**Orlen**"), against Yangarra Resources Ltd. ("**Yangarra**") based on allegations of breach of contract and as more particularly described in the Orlen Counterclaim, a copy of which is attached.
3. Yangarra denies any and all liability to Orlen on the grounds outlined in their Statement of Defence and Counterclaim, copies of which are attached.
4. In the event that Yangarra is held liable to Orlen, Yangarra claims contribution or indemnity from the Third Party Defendants, Manitok Energy Inc. ("**Manitok**") and Alvarez & Marsal Canada Inc. as Receiver and Manager of Manitok Energy Inc. ("**Alvarez**") in whole or in part, in respect of any liability for the claims being advanced by Orlen. This Amended Third party Claim is being brought against Alvarez & Marsal Canada Inc., acting in its sole capacity as the court appointed Receiver and Manager of Manitok Energy Inc. and not in its personal or corporate capacity.

The Third Party

5. Alvarez, insofar as is known to Yangarra, is a corporation incorporated pursuant to the laws of Alberta that carries on business as a restructuring firm and as receiver in bankruptcy. On or around February 20, 2018, Alvarez was appointed by the Alberta Court of Queen's Bench as Receiver (the "**Receivership Order**") of the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof, of Manitok[^].

Purchase Agreement and Receivership Order

6. On December 22, 2017, Yangarra offered to purchase all of Manitok's interests in the land legally described as TWP 037-08W5 S/2 Sec 26 (the "**Ferrier Property**"). Manitok

- 3 -

accepted the offer ("**Purchase Agreement**") for the sum of \$2,027,470.57 (the "**Purchase Funds**").

7. Prior to the Purchase Agreement being finalized, Orlen was responsible for processing gas substances derived from the Ferrier Property and providing Manitok with the related proceeds. Orlen provided Manitok with the related proceeds for December 2017 and January 2018 ("**the Proceeds**"). These amounts were forwarded to Manitok prior to the Receivership Order.
8. In or around February 2018, but prior to the Receivership Order being issued, Manitok assigned its agreements with Orlen to Yangarra with an effective date of assignment of October 1, 2017. Yangarra was assigned its proportional share of production from the Well (the "Well") as of October 1, 2017, including amounts for December 2017 and January 2018 (the "**Proceeds**").
9. It was an express or implied term of the Purchase Agreement and the Assignments that:
 - (a) The Purchase Funds specifically included amounts owing to Orlen (the "**Winter Service Funds**") for the processing and related fees for the period of October 2017 through January 2018 (the "**Processing and Related Fees**");
 - (b) Manitok was required to remit the Winter Service Funds to Orlen;
 - (c) The Winter Service Funds would be used solely for the purposes of paying the Processing and Related Fees to Orlen;
 - (d) The Winter Service Funds would be paid to Orlen on demand;
 - (e) The Winter Service Funds were guaranteed by Manitok and its successors;
 - (f) Manitok was required to remit the Proceeds to Yangarra;
 - (g) The Proceeds would be provided to Yangarra upon receipt of the same;
 - (h) The Proceeds would be paid to Yangarra on demand; and
 - (i) The Proceeds were guaranteed by Manitok and its successors.
10. Manitok made a deemed assignment in bankruptcy on February 20, 2018 and the Receivership Order was issued in favour of Alvarez on the same date. As part of the Receivership Order, Alvarez was granted custodial responsibility for any and all assets of Manitok, including the Winter Service Funds and Proceeds.

Breach of Purchase Agreement and Duty to Act in Commercially Reasonable Manner

11. Alvarez as Receiver, has adopted and/or, in the alternative, agreed to comply with the terms of the Purchase Agreement and Assignment, including remittance of the Winter Service Funds to Orlen and the Proceeds to Yangarra.
12. Further, pursuant to section 247 of the *Bankruptcy and Insolvency Act R.S.C., 1985, c B-3*, Alvarez also has a duty to act honestly, in good faith, and in a commercially reasonable manner with respect to any interested parties.
13. Alvarez has breached the Purchase Agreement and the Assignment and has acted contrary to its statutory duties by:
 - (a) Failing to remit the Winter Service Funds provided by Yangarra and owing to Orlen for the Processing and Related Fees;
 - (b) Failing to remit the Proceeds from the Well provided to Manitok and owing to Yangarra;
 - (c) Failing to act in a commercially reasonable manner in failing to pay the debt to Orlen as obliged by law and/or to preserve the goodwill of Manitok;
 - (d) Failing to act in a commercially reasonable manner in failing to pay the amounts owed to Yangarra for production as obliged by law and/or to preserve the goodwill of Manitok; and
 - (e) Further particulars as will be proven in the trial of this action.

Breach of Trust Obligations

14. In the alternative, at the time of the Purchase Agreement and thereafter, Manitok held a trust obligation to Yangarra to apply the Winter Service Funds provided in the Purchase Agreement to Orlen for payment of the Processing and Related Fees. Alvarez continue to hold this trust obligation on behalf of Yangarra to apply the Winter Service Funds for payment to Orlen of the Processing and Related Fees.
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16. The Winter Service Funds and Proceeds were provided to Manitoak in trust (the "**Winter Service Trust**") with the following express or implied trust obligations:
- (a) The Winter Service Funds were to be used specially and exclusively for the purpose of paying the Processing and Related Fees;
 - (b) The Winter Service Funds remained the property of Yangarra;
 - (c) The Proceeds were to be used to pay Yangarra its proportional share for gas production for December 2017 and January 2018;
 - (d) The Proceeds remained the property of Yangarra;
 - (e) Manitoak and then Alvarez, as Receiver, was under a continuing trust obligation and had a fiduciary duty to remit the Winter Service Funds to pay Orlen the Processing and Related Fees; and
 - (f) Manitoak and then Alvarez, as Receiver, was under a continuing trust obligation and had a fiduciary duty to remit the Proceeds to Yangarra.
17. Yangarra and Manitoak intended to create the Winter Service Trust, settle the trust and impose trust obligations, either expressly or by implication, on the terms stated above. As Manitoak's Receiver, Alvarez remained subject to the trust obligations of the Winter Service Trust.
18. Yangarra never parted with beneficial title to the Winter Service Funds or the Proceeds. The Winter Service Funds and the Proceeds were conveyed to Manitoak and then to Alvarez subject to an equitable obligation to use those funds to remit to Orlen for payment of the Processing and Related Fees and for Yangarra's proportional share of gas production. The funds were not remitted to Manitoak and then Alvarez to use in whatever way they saw fit.
19. The Winter Service Funds are being held by Alvarez on a trust obligation in favour of Yangarra, with the term of the trust being that the Winter Service Funds be conveyed to Orlen for the Processing and Related Fees. The Proceeds are being held by Alvarez on a trust obligation in favour of Yangarra with the term of the trust being that the Winter Amount be conveyed to Yangarra for their proportional share of gas production for December 2017 and January 2018.
20. The Winter Service Funds and Proceeds were never the property of Manitoak and the creditors of Manitoak have no entitlement to the funds in question.

21. Alvarez, as trustee, had a fiduciary duty to abide by the trust obligations to Yangarra to remit the Winter Service Funds to Orlen for payment of the Processing and Related Fees. If, as alleged, the Winter Service Funds were never remitted by Alvarez to Orlen for payment of the Processing and Related Fees, Alvarez has breached its trust obligations to Yangarra and its fiduciary duties.
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23. Yangarra pleads and relies on the provisions of the *Tort-feasors Act, RSA 2000, c T-5*, and all amendments thereto.

Remedy sought:

24. Yangarra claims the following against Alvarez:
 - (a) To be indemnified in whole or in part, in respect of any judgement, damages or interest in this action, given against Yangarra;
 - (b) To have the Winter Service Funds returned to them by Alvarez;
 - (c) To have the Proceeds remitted to Yangarra by Alvarez;
 - (d) Costs of this action and these proceedings;
 - (e) Judgement in these proceedings against the Third Party Defendant; and
 - (f) Such further and other relief as this Honourable Court deems just.

NOTICE TO THE THIRD PARTY DEFENDANT(S)

You only have a short time to do something to respond to this third party claim:

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

You can respond by filing a statement of defence or a demand for notice in the Office of the Clerk of the Court of Queen's Bench at Calgary, Alberta, AND serving your statement of defence or a demand for notice on the defendant's address for service.

If you do not file and serve a statement of defence or a demand for notice within your time period, you risk losing the claim against you automatically. If you do not file, or do not serve or are late in doing either of these things, a court may give judgment to the defendant/plaintiff against you.

If you do not file a statement of defence disputing liability of the defendant to the plaintiff, you admit the validity of any judgment that the plaintiff obtains against the defendant, whether obtained by agreement or otherwise.

If you do not file a statement of defence disputing your own liability to the third party plaintiffs under the third party claim, you admit liability to the extent claimed in the third party claim.

ASSET PURCHASE AGREEMENT

BETWEEN:

MANITOK ENERGY INC.

- AND -

YANGARRA RESOURCES LTD.

Effective October 1, 2017

ASSET PURCHASE AGREEMENT

THIS AGREEMENT made effective as of the 1st day of October, 2017.

BETWEEN:

MANITOK ENERGY INC., a body corporate, having an office in the City of Calgary in the Province of Alberta (the "Vendor")

- and -

YANGARRA RESOURCES LTD., a body corporate, having an office in the City of Calgary in the Province of Alberta (the "Purchaser")

CONTEXT:

- A. Purchaser offered to purchase the Assets pursuant to a letter of intent dated December 22, 2017, which Vendor accepted on December 22, 2017 (the "LOI").
- B. Vendor filed a notice of intention to make a proposal (the "NOI") under Division I of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "BIA"), on January 10, 2018.
- C. Vendor and Purchaser wish to proceed with the sale and purchase of the Assets on the terms and subject to the conditions set out in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises, mutual covenants, agreements and warranties in this Agreement, the Parties covenant and agree as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals, this Section 1.1 and the Schedules attached hereto, unless the context otherwise requires, or unless otherwise defined herein, the following words and phrases shall have the following meanings:

- (a) "Abandonment and Reclamation Liabilities" means all past, present and future obligations and liabilities to:
 - (i) abandon the Wells and close, decommission, dismantle and remove all structures, foundations, buildings, pipelines, seismic lines, equipment, tanks and other facilities and Tangibles that are or were located in or on the Lands or lands used or previously used in connection with the Lands; and
 - (ii) restore, remediate and reclaim any surface and subsurface locations of the Lands on which the Wells, structures, foundations, buildings, pipelines, seismic lines, equipment, tanks and other facilities described in

- 2 -

Section 1.1(a)(i) (including Wells, structures, foundations, buildings, pipelines, seismic lines, equipment, tanks and other facilities which were abandoned or decommissioned prior to the date hereof) are or were located and all lands used to gain access to any of them;

all in accordance with generally accepted industry practices in the province where the Assets are located and in compliance with all Applicable Laws and the Title and Operating Documents.

- (b) **"Affiliate"** means any Person that controls, is controlled by or is under common control with a Party, or which controls, is controlled by or under common control with a Person which controls such Party; for the purposes of this definition, the term "controls" and "controlled by" 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 the ownership of voting securities or by contract, partnership agreement, trust arrangement or other means, either directly or indirectly, that results in control in fact, provided that direct or indirect ownership of shares of a corporation carrying not less than fifty (50%) percent of the voting rights shall constitute control of such corporation. For certainty, a partnership which is a Party and which is comprised of corporations which are Affiliates shall be deemed to be an Affiliate of each such corporation and its other Affiliates.
- (c) **"AER"** means the Alberta Energy Regulator.
- (d) **"AER License Transfer Application"** means the application to the AER to transfer the licenses issued by the AER in respect of the Assets.
- (e) **"Agreement"** means this Asset Purchase Agreement including the recitals hereto and the Schedules attached hereto.
- (f) **"Applicable Laws"** means, in relation to any Person, asset, transaction, event or circumstance:
 - (i) statutes (including regulations enacted thereunder);
 - (ii) judgments, decrees and orders of courts of competent jurisdiction;
 - (iii) regulations, orders, ordinances and directives issued by Government Authorities; and
 - (iv) the terms and conditions of all permits, licenses, approvals and authorizations;
 which are applicable to such Person, asset, transaction, event or circumstance.
- (g) **"Assets"** means all of Vendor's right, title, estate and interest in:
 - (i) the Petroleum and Natural Gas Rights;
 - (ii) the Tangibles;

- 3 -

- (iii) the Miscellaneous Interests;
 - (iv) all revenues, debts, accounts, demands and choses in action of Vendor and all claims of whatsoever nature or kind of Vendor; and
 - (v) any tangible equipment or other tangible personal property in which Vendor has an interest located or used by Vendor in the leased premises located at Ferrier, Alberta, together with Vendor's interest in any computers, software or equipment used in connection therewith at such premises.
- (h) "Assumed Obligations" has the meaning set forth in Section 2.4.
 - (i) "Business Day" means any day other than a Saturday, Sunday or statutory holiday in Calgary, Alberta.
 - (j) "Claim" means any claim, actions, causes of action, demand, lawsuit, proceeding, judgment, awards, decrees, determinations, adjudications, writs, orders, pronouncements, audits, arbitration, mediation, hearings, investigations, governmental investigation or actions of every kind, nature or description, in each case, whether asserted, threatened, pending, contingent or existing, and whether based on contract, tort, statute or other legal or equitable theory of recovery.
 - (k) "Closing" means the transfer of possession, risk, beneficial and legal ownership of the Assets from Vendor to Purchaser, the exchange of Conveyance Documents and payment of the Purchase Price by Purchaser to Vendor, and all other items and consideration required to be delivered on the Closing Date pursuant hereto.
 - (l) "Closing Date" has the meaning provided in Section 3.1.
 - (m) "Conveyance Documents" means all conveyances, assignments, transfers, novations, notices of assignment, trust agreements and declarations, subleases, directions to pay and other documents and instruments that are reasonably required or desirable in accordance with generally accepted oil and gas industry practice in the province where the Assets are located, to convey, assign and transfer title to the Assets held in the name of Vendor to Purchaser and to novate Purchaser or its Affiliates in the place and stead of Vendor or its Affiliates with respect to the Assets.
 - (n) "Court" means the Court of Queen's Bench of Alberta.
 - (o) "Court Approval" means the approval of the Transaction by the Court in the Proposal Proceedings and the vesting of the Assets in the name of Purchaser free and clear of any Encumbrances other than the Permitted Encumbrances, and providing for the sealing of the terms of this Agreement, substantially in the form attached hereto as Schedule "E".
 - (p) "dollar" and "\$" mean a dollar of the lawful money of Canada.
 - (q) "Effective Time" means 12:01 a.m. MST on October 1, 2017.

- 4 -

- (r) **"Encumbrance"** means all security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, royalties, pledges, options, privilege, interests, assignments, actions, executions, levies, taxes, judgments, writs of execution, lease, reservation of ownership, rights of pre-emption, claims (whether financial, monetary or otherwise) or charges, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including, without limiting the generality of the foregoing, and encumbrances or charges created by the NOI Charges Order or any other order in the Receivership Proceedings and all mortgages, charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta), the *Land Titles Act* (Alberta), the *Mines and Minerals Act* (Alberta) or any other registry system;
- (s) **"Environment"** means the components of the earth and includes ambient air, land, surface and sub-surface strata, groundwater, surface water, all layers of the atmosphere, all organic and inorganic matter and living organisms, and the interacting natural systems that include such components.
- (t) **"Environmental Law"** means all Applicable Laws respecting the protection of, or the control, remediation or reclamation of contamination or pollution of, the Environment or any part thereof.
- (u) **"Environmental Liabilities"** means all past, present and future obligations and liabilities of whatsoever nature or kind arising from or relating to, directly or indirectly:
 - (i) Environmental Matters;
 - (ii) past, present and future non-compliance with, violation of or liability under Environmental Laws relating to or arising in connection with the ownership or control of the Assets; or
 - (iii) Abandonment and Reclamation Liabilities,
 whenever occurring or arising.
- (v) **"Environmental Matters"** means any activity, event or circumstance in respect of or relating to:
 - (i) the storage, use, holding, collection, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling, transportation or Release of Hazardous Substances;
 - (ii) the protection of the Environment; or
 - (iii) pollution, reclamation, remediation or restoration of the Environment;
 In each case relating to or arising in connection with the ownership or control of the Lands or the Assets or that has or have arisen or hereafter arise from or in

- 5 -

respect of past, present or future Operations, activities or omissions in or on the Lands or in respect of the Assets.

- (w) "Facilities" means Vendor's entire interest in the facilities related to the Assets including the facilities described in Schedule "A", Part 3.
- (x) "General Conveyance" means the general conveyance in the form attached as Schedule "B".
- (y) "Government 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.
- (z) "GST" means all goods and services tax, provincial sales tax and harmonized sales tax required to be paid pursuant to the *Excise Tax Act* (Canada) and in accordance with Section 2.8.
- (aa) "Hazardous Substances" means hazardous or toxic substances, hazardous wastes, radioactive substances, asbestos, dangerous goods and Petroleum Substances, including any and all substances and wastes regulated under Environmental Law.
- (bb) "Land Schedule" means the lands listed in Schedule "A", Part 1.
- (cc) "Lands" means the entire interest of Vendor as of the Effective Time in and to the lands set forth and described in the Land Schedule, and includes: (i) unless the context otherwise requires, the surface of such lands; and (ii) the Petroleum Substances within, upon or under such lands, together with the rights to mine for, drill for, explore for, win, take, own or remove same, insofar as the same are granted by the Leases to such lands.
- (dd) "Leases" means the leases, reservations, permits, licenses or other documents of title set forth and described in the Land Schedule by virtue of which the holder thereof is entitled to drill for, explore for, mine, win, take, own or remove Petroleum Substances underlying the Lands and includes, if applicable, all renewals and extensions of such documents and all documents issued in substitution therefor.
- (ee) "Losses and Liabilities" means, in relation to a matter, any and all:
 - (i) losses, costs, damages, expenses and charges (including all penalties, assessments and fines) which Vendor suffers, sustains, pays or incurs, directly or indirectly, in connection with such matter and includes reasonable costs of legal counsel (on a full indemnity basis) and other professional advisors and reasonable costs of investigating and defending Claims arising from the matter, regardless of whether such Claims are sustained and includes taxes payable on any settlement payment or damage award in respect of such matter; and

- 6 -

- (ii) liabilities and obligations (whether under common law, in equity, under Applicable Law or otherwise; whether tortious, contractual, vicarious, statutory or otherwise; whether absolute or contingent; and whether based on fault, strict liability or otherwise) which Vendor suffers, sustains, pays or incurs as a result of or in connection with such matter;

but excluding indirect, incidental, consequential, exemplary, special or punitive losses or damages or loss of profits suffered, sustained, paid or incurred by Vendor.

- (ff) "Miscellaneous Interests" means all of the right, title, interest and estate of Vendor in and to all property, assets and rights, whether contingent or absolute, legal or beneficial, present or future, vested or not (other than the Petroleum and Natural Gas Rights, the Tangibles and the Residual Property), to the extent relating to the Petroleum and Natural Gas Rights, the Tangibles or the Lands, and to which Vendor is entitled at the Effective Time, including the following property, rights and assets:
 - (i) all contracts, agreements, books, records, files, maps and documents to the extent that they relate to the Petroleum and Natural Gas Rights, the Tangibles or the Lands, including the Title and Operating Documents and any rights of Vendor in relation thereto;
 - (ii) the Surface Interests and all contracts, agreements, books, records, files, maps and documents to the extent that they relate to the Surface Interests, including the Title and Operating Documents and any rights of Vendor in relation thereto;
 - (iii) geological, geochemical and mineralogical data, reports and findings and archive samples, and all core or fluid samples and cuttings;
 - (iv) all engineering and technical information, to the extent relating to the Petroleum and Natural Gas Rights, the Tangibles or the Lands which Vendor has in its custody or has access, excluding any such information which is subject to confidentiality restrictions in favour of a Third Party, unless such Third Party consents to the inclusion of such information;
 - (v) all Permits, orders and other authorizations, crossing privileges and other subsisting rights to carry out Operations on the Lands and any lands upon which the Tangibles or Wells are located, including well and pipeline Permits, licenses, approvals, orders and other authorizations relating to the Petroleum and Natural Gas Rights, the Tangibles, the Wells or the Lands; and
 - (vi) the Wells, including the entire wellbores and casings, and all contracts, agreements, books, records, files, maps and documents to the extent that they relate to the Wells, including the Title and Operating Documents and any rights of Vendor in relation thereto.
- (gg) "NOI" is defined in Context paragraph B.

- 7 -

- (hh) **"Operations"** means any and all work, activities and operations of any kind whatsoever conducted on or with respect to the Assets.
- (ii) **"Outside Date"** means February 8, 2018.
- (jj) **"Party"** means Vendor or Purchaser, and **"Parties"** means Vendor and Purchaser.
- (kk) **"Permits"** means all licences, permits, approvals and authorizations granted or issued by any Government Authorities and relating to the construction, installation, ownership, use or operation of the Assets.
- (ll) **"Permitted Encumbrances"** means any of the following:
 - (i) easements, rights of way, servitudes, permits, licenses and other similar rights in land, including rights of way and servitudes for highways and other roads, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone, telegraph and cable television conduits, poles, wires and cable attaching to or affecting any Assets;
 - (ii) the right reserved to or vested in any Government Authority in respect of any Assets by the terms of any Title and Operating Document, lease, license, franchise, grant or permit or by any Applicable Law, to terminate any such Title and Operating Document, lease, license, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;
 - (iii) the right reserved to or vested in any Government Authority in respect of any Assets to levy taxes on Petroleum Substances or the income or revenue attributable thereto and governmental requirements and limitations of general application;
 - (iv) rights reserved to or vested in any Government Authority to control or regulate any of the Assets in any manner;
 - (v) liens granted in the ordinary course of business to a public utility or Government Authority in connection with operations on or in respect of the Lands;
 - (vi) the express or implied reservations, limitations, provisos and conditions in any original grants from the Crown of any of the Lands or interests therein and statutory exceptions to title;
 - (vii) all royalty burdens, liens, adverse claims, penalties, conversions and other Encumbrances identified in the Land Schedule;
 - (viii) the terms and conditions of the Leases and the Title and Operating Documents; and
 - (ix) any other circumstance, matter or thing disclosed in any Schedule hereto.

- 8 -

Additionally, the following items must be identified in a Schedule to qualify as a Permitted Encumbrance: (A) any overriding royalty, net profits or other similar encumbrance applicable to the Petroleum and Natural Gas Rights for which Purchaser will assume the obligation for payment; (B) any existing potential alteration of Vendor's interests in the Assets because of a payout conversion or farm-in, farm-out or other similar agreement; and (C) any security interest which would not be a Permitted Encumbrance under the preceding paragraphs of this definition.

- (mm) **"Person"** means any individual, company, corporation, limited or unlimited liability company, sole proprietorship, joint venture, partnership (limited or general), trust, trustee, executor, Government Authority or other entity.
- (nn) **"Petroleum and Natural Gas Rights"** means all of the right, title, estate and interest, whether absolute or contingent, legal or beneficial, present or future, vested or not, and whether or not an "interest in land", of Vendor in and to the Lands and the Leases, subject in all events to the Permitted Encumbrances, as more particularly set out in Schedule "A", Part 3.
- (oo) **"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 or produced in conjunction with any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including sulphur and hydrogen sulphide.
- (pp) **"Place of Closing"** means the offices of Gowling WLG (Canada) LLP at Suite 1600, 421 7th Avenue S.W. in the City of Calgary in the Province of Alberta, or as otherwise agreed to in writing by the Parties.
- (qq) **"Prime Rate"** means the rate of interest (expressed as a rate per annum) used by the main branch of National Bank of Canada in Calgary, Alberta from time to time as the reference rate used in determining the rates of interest payable on Canadian dollar commercial demand loans made by such bank in Canada and which is announced by such bank, from time to time, as its "prime rate".
- (rr) **"Priority Claims"** means any claims or portion thereof that rank senior in priority to the claims of the Lenders under the Credit Agreement, including, without limitation any claim in favour of any Governmental Authority arising from the failure to deduct, withhold or remit any taxes.
- (ss) **"Property"** has the meaning given to that term in the Receivership Order.
- (tt) **"Proposal Proceedings"** is defined in context paragraph B.
- (uu) **"Purchase Price"** has the meaning provided in Section 2.5.
- (vv) **"Proposal Charges Order"** means the order pronounced by the Court in the Proposal Proceedings on January 12, 2018, as amended, modified or supplemented from time to time.

- 9 -

- (ww) **"Proposal Proceedings"** means the proceedings before the Court initiated by the NOI and identified as Court File No. A151243.
- (xx) **"Release"** means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration of a Hazardous Substance into or through the Environment or into or out of any lands, including the movement of a Hazardous Substance through or in any part of the Environment.
- (yy) **"Representatives"** means, with respect to any Party, the respective directors, officers, servants, agents, advisors, employees, consultants and representatives of that Party.
- (zz) **"Surface Interests"** means all right, title, interest and estate of Vendor to enter upon, use, occupy and enjoy the surface of the Lands, and any lands with which the same have been pooled or unitized, and any lands upon which the Wells or the Tangibles are located and any lands used to gain access thereto or egress therefrom, in each case, for purposes related to the use or ownership of the Petroleum and Natural Gas Rights, the Tangibles or Wells or Operations, whether the same are held in fee simple, under a surface lease, by right of way, easement, license of occupation or otherwise.
- (aaa) **"Tangibles"** means, including but not limited to; (i) all of the right, title, interest and estate of Vendor in the Facilities; and (ii) all right, title, interest and estate of Vendor and whether absolute or contingent, legal or beneficial, present or future, vested or not, in and to the tangible depreciable property and assets located within or upon the Lands and which are used or are intended to be used to produce, process, gather, treat, measure, or make marketable Petroleum Substances or in connection with water condensate, injection or removal operations or other *in situ* operations that pertain to the Petroleum and Natural Gas Rights, and including those assets listed in Schedule "A", Part 4.
- (bbb) **"Third Parties"** means any Person other than the Parties, their Affiliates or their respective Representatives.
- (ccc) **"Title and Operating Documents"** means all agreements, contracts, instruments and other documents that govern the ownership, operation or use of the Assets or relate to Permitted Encumbrances, including (i) the Leases and other agreements and instruments pursuant to which the Petroleum and Natural Gas Rights were issued, granted or created, (ii) Permits, licenses, approvals, orders and authorizations, (iii) operating agreements, pooling agreements, unit agreements, production allocation agreements, trust declarations, participation agreements, joint venture agreements, farm-in agreements, farm-out agreements and royalty agreements, (iv) agreements that create or relate to Surface Interests, including surface rights documentation and road use agreements, (v) agreements for the construction, ownership and/or operation of the Tangibles and the Wells, (vi) trust declarations and other documents and instruments that evidence Vendor's interests in the Assets, and (vii) trust declarations pursuant to which Vendor holds interests in the Lands in trust for other Persons.
- (ddd) **"Transaction"** means the transaction for the purchase and sale of the Assets as contemplated by this Agreement.

- 10 -

- (eee) "Vendor Consents" has the meaning provided in Section 4.6.
- (fff) "Vendor Entitles" means Vendor and its Representatives, and each of their respective successors and assigns.
- (ggg) "Wells" means all wells located on the Lands, including all producing, shut in, abandoned, suspended, capped, water source, service, observation, delineation, injection and disposal wells, and includes, but is not limited to, any well set out in Schedule A, Part 2.

1.2 Interpretation

The following rules of construction shall apply to this Agreement unless the context otherwise requires:

- (a) the headings in this Agreement are inserted for convenience of reference only and shall not affect the meaning, interpretation or construction of this Agreement;
- (b) all documents executed and delivered pursuant to the provisions of this Agreement are subordinate to the provisions hereof and the provisions hereof shall govern and prevail in the event of a conflict;
- (c) any reference to a statute shall include and shall be deemed to be a reference to such statute and to the regulations made pursuant thereto, and all amendments made thereto and in force at the date hereof;
- (d) whenever the singular or masculine or neuter is used in this Agreement, the same shall be construed as meaning plural or feminine or referring to a body politic or corporate, and *vice versa*, as the context requires;
- (e) the words "hereto", "herein", "hereof", "hereby", "hereunder" and similar expressions refer to this Agreement and not to any particular provision of this Agreement;
- (f) reference to any Article, Section or Schedule means an Article, Section or Schedule of this Agreement unless otherwise specified;
- (g) if any provision of a Schedule hereto conflicts with or is at variance with any provision in the body of this Agreement, the provisions in the body of this Agreement shall prevail to the extent of the conflict; and
- (h) "include" and derivatives thereof shall be read as if followed by the phrase "without limitation".

- 11 -

1.3 Schedules

The following schedules are attached to and form part of this Agreement:

| | |
|-------------|--|
| Schedule A | Part 1 - Lands, Leases and Petroleum and Natural Gas Rights Part 2 - Wells Part 3 - Facilities Part 4 - Tangibles Part 5 - Miscellaneous Interests |
| Schedule B | General Conveyance |
| Schedule C1 | Purchaser's Officer's Certificate |
| Schedule C2 | Vendor's Officer's Certificate |
| Schedule D | Form of Court Order |

1.4 Interpretation If Closing Does Not Occur

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

1.5 Knowledge or Awareness

References to a Party's knowledge or awareness and similar references contained in Sections 6.1 and 6.3 mean the actual knowledge or awareness, as the case may be, of the officers of such Party who are primarily responsible for the matters in question, and does not include knowledge and awareness of any other Person or any constructive or imputed knowledge. A Party shall not have any obligation to make inquiry of any Person or the files and records of any Person or of any Government Authority in connection with any representations and warranties contained herein that are made to its knowledge, information, belief or awareness.

ARTICLE 2 PURCHASE AND SALE

2.1 Purchase and Sale

Subject to the terms and conditions of this Agreement, Vendor hereby agrees to sell, assign, transfer, convey and set over the Assets to Purchaser, and Purchaser agrees to purchase and accept the Assets from Vendor, at and for the Purchase Price.

2.2 Transfer of Assets

Provided that Closing occurs, and subject to the terms and conditions of this Agreement, possession, risk, beneficial and legal ownership of the Assets shall transfer from Vendor to Purchaser on the Closing Date.

2.3 Excluded Liabilities

Purchaser shall not assume any liabilities or obligations of Vendor other than as may be specifically provided in this Agreement.

2.4 Assumed Obligations

Provided that Closing occurs and subject to the terms and conditions of the Court Approval, Purchaser shall assume all past, present and future obligations in respect of all rentals, royalties, taxes (other than income taxes) and other periodic payments which accrue to the Assets (including without limitation, unpaid surface lease rentals, mineral lease rentals, Crown royalties and freehold royalties) and any Environmental Liabilities pertaining to the Assets (the "Assumed Obligations"). For the avoidance of doubt, Purchaser shall be responsible to pay and discharge in a timely fashion all of the Assumed Obligations which are outstanding as of the Closing Date.

2.5 Purchase Price

- (a) The purchase price (the "Purchase Price") to be paid by Purchaser for the Assets, exclusive of GST, shall be Two Million Dollars (\$2,082,500.00), plus or minus the adjustments made pursuant to Sections 2.6 and 2.7.
- (b) At Closing, Purchaser shall pay Vendor an amount equal to the Purchase Price, plus an amount equal to the GST as provided in Section 2.8. Allocation of the Purchase Price

The Purchase Price shall be allocated among the Assets as follows:

- (c) to the Miscellaneous Interests \$ 10.00
- (d) to the Tangibles \$ 416,490.00
- (e) to the Petroleum and Natural Gas Rights \$ 1,666,000.00

2.6 Adjustments

- (a) Subject to Section 2.6, notwithstanding anything to the contrary in this Agreement, Purchaser acknowledges and agrees that it shall have no right or other entitlement to any abatement or reduction in the Purchase Price as a result of, arising from or in connection with any deficiency or allegation of deficiency in respect of the Assets, including, without limitation, any Abandonment and Reclamation Obligations, Environmental Liability or deficiency or title deficiency.
- (b) Subject to Section 2.6(a), all costs and expenses relating to the Assets shall be apportioned as of the Effective Date between Vendor and Purchaser on an accrual basis in accordance with generally accepted accounting principles, with Vendor bearing and paying the costs and expenses accruing on the Closing Date, and Purchaser bearing costs and expenses accruing thereafter, provided that:
 - (i) advances made by Vendor in respect of the costs of operations on the Lands or facilities interests included in the Assets which have not been applied to the payment of costs prior to the Closing Date and stand to the credit of Vendor will be transferred to Purchaser and an adjustment will be made in favour of Vendor equal to the amount of the advance transferred;
 - (ii) deposits made by or Vendor shall be returned to Vendor;

- 13 -

- (iii) costs and expenses of work done, services provided and goods supplied shall be deemed to accrue for the purposes of this Section when the work is done or the goods or services are provided, regardless of when such costs and expenses become payable;
 - (iv) no adjustments shall be made in respect of Vendor's income taxes;
 - (v) all rentals and similar payments in respect of surface rights included in the Assets and all taxes (other than income taxes) levied with respect to the Assets shall be apportioned between Vendor and Purchaser on a per diem basis as of the Closing Date; and
 - (vi) any and all accruing and unpaid rentals and royalties pertaining to the Assets which constitute an interest in the lands included in the Assets (including unpaid surface lease rentals, Crown royalties and municipal taxes for surface sites) shall be credited to Purchaser.
- (c) Vendor shall only be liable to make an adjustment in favour of, or make any payment to, Purchaser pursuant to this Agreement in respect of a liability that relates to the period prior to the Closing Date if and to the extent that the proprietary interest to which such liability relates continues to be binding upon the Assets, or the payment thereof must be made in order to ensure such proprietary interest is not terminated, notwithstanding that the Court Order has become effective, in which event such liability shall be paid by Vendor from the Purchase Price.

2.7 Adjustments to Account

- (a) As soon after the Closing Date as reasonably practicable, and in any event within sixty (60) days following the Closing Date, the Parties shall cooperate in preparing a final accounting of the adjustments pursuant to Section 2.6 (the "Final Statement of Adjustments"), and no further or other adjustments whatsoever will be made thereafter. If the Parties are unable to agree upon the Final Statement of Adjustments, then a nationally or internationally recognized accounting firm shall be engaged by the Parties to resolve the dispute and the accounting firm shall be requested to render its decision within fourteen (14) days after the dispute is referred to it. Each of Vendor and Purchaser shall be responsible for and shall pay 50% of the fees and expenses of such accounting firm. All adjustments after Closing shall be settled by payment by the Party required to make payment to the other Party hereunder within fifteen (15) Business Days after the Final Statement of Adjustments has been finally determined.
- (b) All adjustments provided for in this Article shall be adjustments to the Purchase Price. An adjustment payable by a Party after Closing pursuant to this Section 2.10 which is not paid within fifteen (15) Business Days of a written request for payment from the other Party, shall bear interest at the Prime Rate plus three percent (3.0%) per annum payable by the paying Party to the other Party from the end of such fifteen (15) Business Day period until the adjustment is paid.
- (c) Subject to Section 2.7(a), Purchaser and Vendor will each bear their own fees and expenses, including the fees and expenses of their respective accountants and

- 14 -

auditors, in preparing or reviewing, as the case may be, the Final Statement of Adjustments.

2.8 Taxes and Fees

Purchaser shall be liable for the payment and remittance of any GST payable in respect of the purchase of the Assets pursuant hereto, including any interest, penalties, or any other costs payable in respect of such additional GST, and shall indemnify and save harmless Vendor in respect thereof. The GST Registration Number of Vendor is 838609345RT0001. The GST Registration Number of Purchaser is 124388240RT0001.

2.9 Tax Election

Purchaser and Vendor each acknowledge and agree that the purchase and sale of the Assets is to be carried out in accordance with section 66.7 of the *Income Tax Act* (Canada) (the "Tax Act") and that the Parties will jointly elect pursuant to paragraphs 66.7(7) and 66.7(8) of the Tax Act in the prescribed form and within the time referred to in the Tax Act.

ARTICLE 3 CLOSING

3.1 Closing

The Closing of the Transaction shall take place at the Place of Closing or such other place as the Parties may agree on the later of:

- (a) a Business Day designated by notice in writing by Vendor that occurs within five (5) Business Days following the day the Court Approval is obtained; or
- (b) such other Business Day as the Parties may agree in writing; (the "Closing Date").

ARTICLE 4 INTERIM PROVISIONS

4.1 Assets to be Maintained

Until the Closing Date, Vendor shall, subject to the Title and Operating Documents:

- (a) subject to the terms of the Receivership Order, cause the Assets to be maintained in a proper and prudent manner in accordance with generally accepted industry practices;
- (b) pay or cause to be paid all costs and expenses relating to the Assets which become due prior to the Closing Date; and
- (c) subject to the obligations of Vendor in the Proposal Proceedings, perform and comply in all material respects with the covenants and conditions contained in the Title and Operating Documents to be performed or complied with by Vendor prior to Closing.

- 15 -

4.2 Restrictions on Conduct of Business

Vendor shall not, between the date of this Agreement and the Closing Date, without the written consent of Purchaser, which consent will not be unreasonably withheld, conditioned or delayed:

- (a) make any commitment or propose, initiate or authorize any capital expenditure out of the ordinary course of business with respect to the Assets, of which Vendor's share is in excess of \$20,000.00, except in the case of an emergency or as may be reasonably necessary to protect or ensure life and safety or to preserve the Assets or title to the Assets (including Lease rental payments) or in respect of amounts which Vendor may be committed to expend or be deemed to authorize for expenditure without its consent;
- (b) materially amend or terminate any agreement or instrument relating to the Assets or enter into any new agreement or commitment relating to the Assets, except as may be reasonably necessary to protect or ensure life and safety or to preserve the Assets or title to the Assets;
- (c) 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;
- (d) sell, encumber or otherwise dispose of any of the Assets or any interest therein; or
- (e) exercise any right or option of Vendor relative to or arising as a result of the ownership of the Assets.

4.3 Following Closing

- (a) Following Closing, Vendor shall hold title to the Assets in trust for Purchaser, as bare legal trustee, until all necessary notifications, registrations and other steps required to transfer such title to Purchaser have been completed and, in furtherance thereof:
 - (i) Vendor shall forward all statements, notices and other information received by it pursuant to such Title and Operating Document that pertains to the Assets to Purchaser promptly following its receipt thereof; and
 - (ii) Vendor shall forward to other parties to the Title and Operating Documents such notices and elections pursuant to such Title and Operating Documents pertaining to the Assets as Purchaser may reasonably request;

provided that Vendor shall not be required to initiate or conduct Operations in relation to the Assets.

- (b) Purchaser shall indemnify and save and hold harmless Vendor Entities from and against all Losses and Liabilities arising as a consequence of the provisions of this Section 4.3, except to the extent caused by the gross negligence or wilful misconduct of Vendor Entities. Acts or omissions taken by Vendor Entities on the

- 16 -

Instructions of, or with the express written approval of Purchaser shall not constitute gross negligence or willful misconduct.

4.4 Technical and Operating Information

Vendor shall, upon request and subject to contractual restrictions relating to disclosure, make available all technical data relating to the Assets (including, as may be available, drilling reports, land files, surface disposition files, environmental files, well files and production records, but excluding data and information which are subject to confidentiality restrictions prohibiting their disclosure) as are in the possession or control of Vendor or Vendor for such inspection as Purchaser reasonably requires in connection herewith. Upon reasonable written notice to Vendor, Purchaser shall be entitled to conduct a field inspection of the Lands.

4.5 Access to Records

Vendor may, at its sole expense, for a period of two (2) years after Closing, request from Purchaser copies or photocopies of any Title and Operating Documents, correspondence, documents, records, policies, manuals, reports, or other proprietary, confidential business or technical information which were delivered to Purchaser at Closing by Vendor and which Vendor reasonably requires. Purchaser shall use reasonable commercial efforts to provide Vendor with the requested documentation.

4.6 Third Party Consents

Vendor shall, forthwith upon execution of this Agreement, use commercially reasonable efforts to:

- (a) Identify and request in writing all necessary consents, permissions and approvals by Third Parties and Government Authorities in connection with the Transaction customarily obtained by a vendor prior to Closing (the "Vendor Consents"), including providing prior written notice to all Third Parties and Government Authorities in sufficient time to allow any Vendor Consents having an expiry period to expire (if not refused) prior to the Closing Date;
- (b) issue any notices to Third Parties to exercise or waive any rights of first refusal relating to the Assets by December 4, 2017; and
- (c) on or before February 7, 2018, submit the AER License Transfer Application.

ARTICLE 5 CONDITIONS PRECEDENT TO CLOSING

5.1 Vendor's Closing Conditions

The obligation of Vendor to complete the sale of the Assets pursuant to this Agreement is subject to the satisfaction at or prior to the Closing Date of the following conditions precedent:

- (a) **Representations and Warranties True:** All representations and warranties of Purchaser contained in this Agreement shall be true in all material respects on the Closing Date, and Vendor shall have received a certificate from an officer of Purchaser substantially in the form attached hereto as Schedule "C" dated as of the Closing Date;

- 17 -

- (b) **Purchaser's Obligations:** Purchaser shall have, in all material respects, timely performed and satisfied all obligations required by this Agreement to be performed and satisfied by Purchaser on or prior to the Closing Date;
- (c) **Conveyance Documents:** Purchaser shall have executed and delivered to Vendor all Conveyance Documents required under Section 7.4(a) and the General Conveyance;
- (d) **No Injunction:** There will not be any judicial restraining order or Injunction, preliminary or otherwise, in effect prohibiting the Closing or the Transaction; and
- (e) **Court Approval:** The Court Approval shall have been obtained.

The foregoing conditions shall be for the benefit of Vendor and may, without prejudice to any of the rights of Vendor hereunder, excluding reliance on or enforcement of any representations, warranties or covenants dealing with the subject of or similar to the condition waived, be waived by it in writing, in whole or in part, at any time, provided that Vendor is not entitled to waive the Court Approval condition contained in Section 5.1(e). Vendor shall proceed diligently and in good faith and use all commercially reasonable efforts to fulfill and assist in the fulfillment of the foregoing conditions. In case any of the said conditions shall not be complied with, or waived by Vendor, at or before the Closing Date, Vendor may terminate this Agreement by written notice to Purchaser. Purchaser's Closing Conditions

5.2 Purchaser's Closing Conditions

The obligation of Purchaser to complete the purchase of the Assets pursuant to this Agreement is subject to the satisfaction, at or prior to the Closing Date, of the following conditions precedent:

- (f) **Representations and Warranties True:** All representations and warranties of Vendor contained in this Agreement shall be true in all material respects on the Closing Date;
- (g) **Vendor's Obligations:** Vendor shall have, in all material respects, timely performed and satisfied all obligations required by this Agreement to be performed and satisfied by Vendor (and shall have caused Vendor to perform and satisfy in a timely manner all of its obligations hereunder) on or prior to the Closing Date;
- (h) **Conveyance Documents:** Vendor shall have executed and delivered to Purchaser all Conveyance Documents required under Section 7.4(a) and the General Conveyance;
- (i) **No Injunction:** There will not be any judicial restraining order or Injunction, preliminary or otherwise, in effect prohibiting the Closing or the Transaction; and
- (j) **Court Approval:** The Court Approval shall have been obtained.

The foregoing conditions shall be for the benefit of Purchaser and may, without prejudice to any of the rights of Purchaser hereunder (excluding reliance on or enforcement of any representations, warranties or covenants dealing with the subject of or similar to the condition waived), be waived by it by notice to Vendor in writing, in whole or in part, at any time, provided that Purchaser is not entitled to waive the Court Approval condition contained in Section 5.1(j).

- 18 -

Purchaser shall proceed diligently and in good faith and use all commercially reasonable efforts to fulfill and assist in the fulfillment of the foregoing conditions. In case any of the said conditions shall not be complied with, or waived by Purchaser at or before the Closing Date, Purchaser may terminate this Agreement by written notice to Vendor. Parties to Exercise Diligence and Good Faith with respect to Conditions

Each Party covenants to the other that it will proceed diligently, honestly, and in good faith, and use commercially reasonable efforts with respect to all matters within its reasonable control to satisfy its respective conditions in Sections 5.1 and 0.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES

6.1 Vendor's Representations and Warranties

Vendor hereby represents and warrants to Purchaser that:

- (a) the Proposal Proceedings have not been terminated;
- (b) subject to obtaining the Court Approval, Vendor has good right, full power and absolute authority to enter into this Agreement and the other documents and agreements executed and delivered hereunder and to sell, assign, transfer, convey and set over the interest of Vendor in and to the Assets;
- (c) Vendor has not transferred, disclaimed or renounced the Assets;
- (d) Vendor has not incurred any obligation or liability, contingent or otherwise, for broker's or finder's fees in respect of the Transaction for which Purchaser shall have any obligations or liability;
- (e) Vendor has not, as at the date hereof, received notice of any Claims in existence, contemplated, pending or threatened against them seeking to prevent the consummation of the Transaction;
- (f) provided the Court Approval is obtained:
 - (i) this Agreement has been and all documents and agreements to be executed and delivered by Vendor at Closing pursuant to this Agreement shall be, duly executed and delivered by it; and
 - (ii) upon execution by Purchaser and Vendor, this Agreement constitutes, and all documents and agreements required to be executed and delivered by Vendor at Closing will constitute, legal, valid and binding obligations of Vendor enforceable against Vendor in accordance with their respective terms, subject to the Court Approval and bankruptcy, insolvency, preference, reorganization, moratorium and other similar laws affecting creditor's rights generally and the discretionary nature of equitable remedies and defences;
- (g) provided the Court Approval is obtained, and excluding the AER with respect to approval of the transfer of applicable well licences and Permits, Vendor is not

- 19 -

aware that any authorization or approval or other action by, and no notice to or filing with, any Government Authority exercising jurisdiction over the Assets is required by them or on their behalf for the due execution and delivery of this Agreement; and

- (h) Vendor is not a non-resident of Canada for the purposes of the Tax Act.

6.2 No Additional Representations and Warranties by Vendor

- (a) Notwithstanding anything to the contrary in this Agreement, Vendor makes no representations or warranties except as expressly set forth in Section 6.1 and in particular, and without limiting the generality of the foregoing, Vendor disclaims and shall not be liable for any representation or warranty express or implied, of any kind, at law or in equity, which may have been made or alleged to be made in any instrument or document relative hereto, or in any statement or information made or communicated to Purchaser in any manner including any opinion, information, or advice which may have been provided to Purchaser by Vendor, the Receiver or their Representatives in connection with the Assets or in relation to the Transaction. For greater certainty, Vendor makes no representation or warranty, express or implied, of any kind, at law or in equity, with respect to:
- (i) the accuracy or completeness of any data or information supplied by Vendor or Vendor or any of its Representatives in connection with the Assets;
 - (ii) the quality, quantity or recoverability of any Petroleum Substances with or under the Lands;
 - (iii) the value of the Assets or any estimates of prices or future cash flows arising from the sale of any Petroleum Substances produced from or allocated to the Assets or the Lands or any estimates of other revenues or expenses attributable to the Assets;
 - (iv) the availability or continued availability of facilities, services or markets for the processing, transportation or sale of any Petroleum Substances;
 - (v) the ability of Purchaser to obtain any necessary approval from any Governmental Authority in order for Purchaser to operate the Assets;
 - (vi) the quality, condition, fitness, suitability, serviceability or merchantability of any of the Tangibles; or
 - (vii) the title of Vendor to the Assets.

Purchaser acknowledges and confirms that it is relying on its own investigations concerning the Assets and it has not relied on advice from Vendor or any of its Representatives with respect to the matters specifically enumerated in the immediately preceding paragraphs in connection with the purchase of the Assets pursuant hereto. Purchaser further acknowledges and agrees that it is acquiring the Assets on an "as is, where is" and "without recourse" basis. Purchaser acknowledges and agrees that it is familiar with the condition of the Assets,

- 20 -

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 condition, environmental or otherwise, of the Assets, except as expressly contained in Section 6.1 of this Agreement.

- (b) Except for its express rights under this Agreement and as expressly contained in Section 6.1 of this Agreement, Purchaser hereby waives all rights and remedies (whether now existing or hereinafter arising and including all equitable, common law, tort, contractual and statutory rights and remedies) against Vendor and Vendor Entities in respect of the Assets or the Transaction or any representations or statements made, direct or indirect, express or implied, or information or data furnished to Purchaser or its Representatives, in connection herewith (whether made or furnished orally or by electronic, faxed, written or other means).

6.3 Purchaser's Representations and Warranties

Purchaser hereby represents and warrants to Vendor that:

- (a) it is and at the Closing Date shall continue to be a valid and subsisting corporation under the laws of its jurisdiction of registration and is authorized to carry out business in the jurisdiction where the Assets are located;
- (b) except for the Court Approval, it has taken all action and has full power and absolute authority to enter into this Agreement and the other documents and agreements executed and delivered hereunder and it has taken all necessary action to consummate the Transaction and to perform its obligations hereunder and the other documents and agreements executed and delivered hereunder;
- (c) it has not incurred any obligation or liability, contingent or otherwise, for broker's or finder's fees in respect of the Transaction for which Vendor or Vendor shall have any obligations or liability;
- (d) provided the Court Approval is obtained, this Agreement has been, and all documents and agreements to be executed and delivered by it at Closing pursuant to this Agreement shall be, duly executed and delivered by it, and upon execution by Vendor and it, this Agreement constitutes, and all documents and agreements required to be executed and delivered by it at Closing will constitute legal, valid and binding obligations of it enforceable against it in accordance with their respective terms, subject to bankruptcy, insolvency, preference, reorganization, moratorium and other similar laws affecting creditor's rights generally and the discretionary nature of equitable remedies and defences;
- (e) to its knowledge, and provided that Court Approval is obtained, no authorization or approval or other action by, and no notice to or filing with, any Government Authority exercising jurisdiction over the Assets, excluding the AER with respect to approval of the transfer of applicable well licences and Permits, is required by it or on its behalf for the due execution and delivery of this Agreement;

- 21 -

- (f) Purchaser is in compliance with its obligations under the *Oil and Gas Conservation Act* (Alberta), the *Pipeline Act* (Alberta) and all regulations, directives, rules, directions and orders thereunder and equivalent legislation in other jurisdictions where the Assets are located, and upon the consummation of the Transaction will have a liability management rating with the AER in excess of 2.0;
- (g) provided the Court Approval is obtained, the consummation of the Transaction will not constitute or result in a material violation, breach or default by it under any provision of any agreement or instrument to which it is a party or by which it is bound or any judgment, law, decree, order or ruling applicable to it;
- (h) It has not received notice of any claims in existence, contemplated, pending or threatened against it seeking to prevent the consummation of the Transaction;
- (i) It is acquiring the Assets in its capacity as a principal and is not purchasing the Assets for the purpose of resale or distribution to a Third Party within the next sixty (60) Business Days;
- (j) It has sufficient funds available to it to enable it to pay in full the Purchase Price to Vendor as herein provided and otherwise to fully perform its obligations under this Agreement;
- (k) to Purchaser's knowledge, having made due enquiry, no Insider of Purchaser is also an Insider of Vendor or Vendor; and
- (l) Purchaser is not a non-resident of Canada for the purposes of the *Investment Canada Act* (Canada).

6.4 Enforcement of Representations and Warranties

- (a) Notwithstanding anything to the contrary herein expressed or implied and notwithstanding the Closing or deliveries of covenants and/or representations and warranties in any other agreements at Closing or prior or subsequent thereto, the representations and warranties set forth in Article 6 and all certificates, documents and agreements delivered pursuant to this Agreement shall survive Closing, provided that no Claim in respect of such representations and warranties shall be made or be enforceable unless written notice of such Claim, if provided by Vendor to Purchaser, is given within twelve (12) months of the Closing Date, and if provided by Purchaser to Vendor, is given within twelve (12) months of the Closing Date or before the Receiver is discharged by order of the Court, whichever occurs earlier. In respect of Purchaser, effective on the expiry of such twelve (12) month period, Vendor hereby releases and forever discharges Purchaser from any breach of any representations and warranties set forth in Article 6 and all certificates, documents and agreements delivered pursuant to this Agreement, except in respect of those Claims in which notice has been given in accordance with this Section 6.4. In respect of Vendor, effective on the expiry of such twelve (12) month period, or shorter period should the Receiver be discharged by order of the Court, Purchaser hereby releases and forever discharges Vendor from any breach of any representations and warranties set forth in Article 6 and all certificates, documents and agreements delivered pursuant to this Agreement, except in respect of those Claims in which notice has been given in accordance

- 22 -

with this Section 6.4. No Claim shall be made against a Party in respect of the representations and warranties in this Agreement made by the other Party except pursuant to and in accordance with this Section 6.4;

- (b) there shall not be any merger of any covenant, representation or warranty in any assignment, conveyance, transfer or document delivered pursuant hereto notwithstanding any rule of law, equity or statute to the contrary and all such rules are hereby waived; and
- (c) the representations and warranties of Vendor and Purchaser made herein or pursuant hereto are made for the exclusive benefit of Purchaser or Vendor, as the case may be, and are not transferable and may not be made the subject of any right of subrogation in favour of any other Person.

ARTICLE 7 CLOSING DELIVERIES

7.1 Vendor Closing Deliveries

At Closing, Vendor shall table the following:

- (a) a certified copy of the Court Approval;
- (b) a receipt from Vendor confirming payment of the balance of the Purchase Price; duly executed by Vendor;
- (c) the General Conveyance, fully executed by Vendor;
- (d) the Conveyance Documents, to the extent delivered by Purchaser on or by the Closing Date in accordance with Section 7.4(a), fully executed by Vendor;

7.2 Purchaser's Closing Deliveries

At Closing, Purchaser shall table the following:

- (a) a duly executed certificate of a senior officer of Purchaser substantially in the form attached hereto as Schedule "C" dated as of the Closing Date;
- (b) the General Conveyance, fully executed by Purchaser;
- (c) the Conveyance Documents, to the extent prepared on or by the Closing Date in accordance with Section 7.4(a), fully executed by Purchaser;

7.3 Deliveries

Vendor shall deliver or cause to be delivered to Purchaser within a reasonable period of time, but in any event, no later than 30 days following Closing, the original copies of the Title and Operating Documents and any other agreements and documents in its possession related to the Assets and the original copies of contracts, agreements, records, books, documents, licenses, reports and data included in the Miscellaneous Interests which are now in the possession of Vendor. Notwithstanding the foregoing, if and to the extent such contracts, agreements, records, books, documents, licenses, reports and data also pertain to a greater degree to interests other than the

Assets, at Vendor's expense, photocopies or other copies may be provided to Purchaser in lieu of original copies.

7.4 Conveyances

- (a) Purchaser shall provide at the Closing Date those Conveyance Documents required to acquire Vendor's interest in any Assets purchased herein, but no such documents shall require Vendor to assume or incur any obligation, or to provide any representation or warranty, beyond that contained in this Agreement. Vendor shall not be required to have such documents signed by Third Parties at or before the Closing Date but shall cooperate with Purchaser as reasonably required to secure execution of such documents by such Third Parties as soon as practicable thereafter. Vendor shall execute and promptly return to Purchaser at least one copy of each such document and Purchaser shall use all reasonable efforts to obtain timely execution and return of such documents by Third Parties wherever required. The Parties agree that certain assignments may be in the form of electronic transfers including Alberta Energy Regulator well license transfers and agree that reasonable efforts shall be made to ensure such assignments will be completed on the Closing Date.
- (b) Any Conveyance Document assigning a Title and Operating Document shall provide that notwithstanding the Court Approval and such Conveyance Document, Purchaser shall have assumed such Title and Operating Document upon it giving notice in writing to the Third Party that is party to such Title and Operating Agreement of such assumption.
- (c) Purchaser shall promptly register in the applicable registry all registrable transfers and conveyances of its interests in the Assets and Vendor shall make application to all applicable Government Authorities to change the recorded name of all Wells and Tangibles forming part of the Assets. All costs, fees and deposits of every nature and kind incurred in distributing and registering any Conveyance Document and in providing any assurances or security required to convey, transfer and assign the Assets to Purchaser, and to have Purchaser recognized as the holder thereof shall be borne by Purchaser.

7.5 AER License Transfer Application

- (a) On or before February 7, 2018, the Parties shall cooperate in good faith to submit the AER License Transfer Application in respect of the licenses for the Assets, notwithstanding that Closing has not occurred. Parties shall use best efforts to advance the AER License Transfer Application.
- (b) In the event that the AER requires security deposits or other financial assurances as a condition to the transfer of any licenses pursuant to the AER License Transfer Application, such security deposits or financial assurances shall be the sole responsibility of Purchaser.
- (c) In the event that any licenses are transferred from Vendor to Purchaser pursuant to the AER License Transfer Application, but Court Approval is not obtained or Closing does not occur by the Outside Date, Purchaser and Vendor shall cause the license transfers to be reversed.

- 24 -

**ARTICLE 8
LIABILITIES AND INDEMNITIES**

8.1 General Indemnity

If Closing occurs Purchaser shall, without any further necessary action on the part of Vendor or Purchaser:

- (a) assume, perform, pay, discharge and be liable to Vendor for; and
- (b) as a separate covenant, save and hold harmless and indemnify Vendor and each of Vendor Entities from and against;

all Losses and Liabilities suffered, sustained, paid or incurred by any of them to the extent: (i) arising or accruing on or after the Effective Time and which relate to the Assets or the terms and conditions of the Title and Operating Documents, including but not limited to all Losses and Liabilities attributable to the operation, ownership, use, construction or maintenance of the Assets arising or accruing on or after the Effective Time; or (ii) pertaining to the Assumed Obligations. Purchaser's indemnity obligation set forth in this Section 8.1 shall survive the Closing Date indefinitely.

8.2 Environmental Indemnity

- (a) Purchaser acknowledges that it:
 - (i) is familiar with the condition of the Assets, including the past and present use of the Assets, and it has been provided with the right and the opportunity to conduct due diligence investigations with respect to existing or potential Environmental Liabilities pertaining to the Assets; and
 - (ii) is not relying upon any representation or warranty of Vendor as to the condition, environmental or otherwise, of the Assets except as outlined in Section 6.1.
- (b) Purchaser agrees that once Closing has occurred Vendor shall have no liability whatsoever for any Environmental Liabilities. In this regard, once Closing has occurred, Purchaser shall, without any further necessary action on the part of Vendor or Purchaser:
 - (i) be solely liable and responsible for all of Vendor's Losses and Liabilities; and
 - (ii) as a separate covenant, indemnify, save and hold Vendor, Vendor and each of Vendor Entities harmless from and against all Losses and Liabilities that may be brought against or which they or any one of them may suffer, sustain, pay or incur;

as a result of any act, omission, matter or thing related to any Environmental Liabilities arising, however and whenever arising or occurring, and Purchaser shall assume, perform, pay and discharge all Environmental Liabilities. This liability and indemnity shall apply without limit and without regard to cause or causes, including

- 25 -

the negligence, whether sole, concurrent, gross, active, passive, primary or secondary, or the wilful or wanton misconduct of Vendor or Purchaser or any other Person or otherwise. Purchaser acknowledges and agrees that it shall not be entitled to any rights or remedies as against Vendor, Vendor or any Vendor Entities under the common law or statute pertaining to any Environmental Liabilities, including the right to name Vendor, Vendor or any Vendor Entities as a 'third party' to any action commenced by any Person against Purchaser. Purchaser's indemnity obligation set forth in this Section 8.2(b) shall survive the Closing Date indefinitely.

8.3 No Merger

There shall not be any merger of any liability or indemnity hereunder in any assignment, conveyance, transfer or document delivered pursuant hereto notwithstanding any rule of law, equity or statute to the contrary and all such rules are hereby waived.

ARTICLE 9 TERMINATION

9.1 Grounds for Termination

This Agreement may be terminated at any time prior to Closing;

- (a) by mutual written agreement of Vendor and Purchaser; or
- (b) by either Vendor or Purchaser pursuant to the provisions of Sections 5.1 or, as applicable.

9.2 Effect of Termination

If this Agreement is terminated by Vendor or Purchaser as permitted under Section 9.1, then Article 10, shall remain in full force and effect following any such permitted termination.

ARTICLE 10 CONFIDENTIALITY, PUBLIC ANNOUNCEMENTS AND SIGNS

10.1 Confidentiality

- (a) Each Party agrees to keep in strict confidence:
 - (i) subject to Sections 10.1(b), all information regarding the terms of this Agreement; and
 - (ii) any information exchanged or received in connection with:
 - (A) the performance of due diligence by Purchaser prior to or after the date hereof (including due diligence conducted under or in connection with this Agreement); or
 - (B) negotiation or drafting of this Agreement;

- 26 -

provided that, except as otherwise agreed by the Parties, a Party shall be entitled to disclose all information as may be required or desirable in connection with obtaining the Court Approval. The Parties agree that this Agreement shall be filed with the Court on a confidential basis such that, Purchase Price, Purchase Price allocation and such other sensitive terms as the Parties may agree shall be sealed, kept confidential and not form part of the public record, and that the Receiver shall seek a sealing order to that effect in respect of this Agreement. If this Agreement is terminated, each Party upon request will promptly return to the other Party all documents, contracts, records or other information received by it that disclose or embody confidential information of the other Party.

In addition to the foregoing, Purchaser shall continue to be bound by any confidentiality agreement or non-disclosure agreement it has with Vendor in accordance with the terms thereof.

(b) Notwithstanding Sections 10.1(a):

- (i) a Party may release or provide information about the Transaction insofar as is required by Applicable Laws (including as may be required to obtain Court Approval) or stock exchange requirements applicable to the disclosing Party; provided that such disclosing Party shall make reasonable commercial efforts to provide the other Party with the details of the nature and substance of such required disclosure as soon as practicable and in any event prior to such disclosure;
- (ii) Purchaser may provide information about the Transaction to the lender under the Debt Financing or to the investors under the Equity Financing; and
- (iii) a Party may disclose such information pertaining to this Agreement, including the identity of the Parties, insofar as is required to enable such Party to fulfil its obligations under this Agreement, including obtaining any approvals or consents to the Transaction required from Governmental Authorities (including Court Approval) or Third Parties.

10.2 Public Announcements

If a Party intends to issue a press release or other public disclosure of this Agreement, the terms hereof or the Transaction post-Closing, the disclosing Party shall provide the other Party with an advance copy of any such press release or other public disclosure with sufficient time to enable the other Party to review such press release or other public disclosure and provide its written consent to such press release or other public disclosure, not to be unreasonably withheld.

10.3 Signs

Within one hundred and eighty (180) days following the Closing Date, Purchaser shall remove the names of Vendor, Vendor and predecessors from all signs located at or near the Wells or any Tangibles. If Purchaser fails to comply with the foregoing, Vendor shall have the right, at its discretion, to remove its name as aforesaid and Purchaser shall be responsible for and shall reimburse such Vendor for all reasonable costs incurred by such Vendor in so doing.

- 27 -

**ARTICLE 11
MISCELLANEOUS**

11.1 Governing Law

This Agreement shall, in all respects, be subject to and be interpreted, construed and enforced in accordance with the laws in effect in the Province of Alberta and to the laws of Canada applicable therein.

11.2 Resolution of Disputes

- (a) Each Party hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Court, and waives any defences it might have regarding jurisdiction in any action or proceeding arising out of or relating to this Agreement or any ancillary agreement to which it is a Party, or for recognition or enforcement of any judgment in respect thereof, and each Party hereto hereby irrevocably and unconditionally agrees that all Claims in respect of any such action or proceeding may be heard and determined by the Court.
- (b) Each Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any ancillary agreement to which it is a Party in any court of competent jurisdiction in the Province of Alberta. Each of the Parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defence of an Inconvenient forum to the maintenance of such action or proceeding in any such court.

11.3 Service of Notices

The addresses for service of the Parties shall be as follows:

- 28 -

| | |
|------------------------|-------------------------------------|
| Vendor: | Manitok Energy Inc. |
| | Suite 700, 444 7th Avenue SW |
| | Calgary, Alberta, T2P 0X8 |
| | |
| | Attention: Rodger Perry |
| | Email: rperry@manitok.com |
| | |
| with a copy to: | GowlingWLG (Canada) LLP |
| | Suite 1600, 421 7 Ave SW |
| | Calgary, Alberta T2P 4K9 |
| | Attention: Frank Sur |
| | Email: Frank.Sur@gowlingswlg.com |
| | |
| Purchaser: | Yangarra Resources Ltd. |
| | 1530, 715 5 th Avenue SW |
| | Calgary Alberta T2P 2X6 |
| | |
| | Attention: Randall J. Faminow |
| | Email: randall@yangarra.ca |

Any of the Parties may from time to time change its address for service herein by giving written notice to the other. Any notice may be served by personal service upon the above person specified by a Party, or if no person is specified, upon any officer of a Party, by mailing the same by prepaid post in a properly addressed envelope addressed to the Party at its respective address for service hereunder, or by email to such Party at the email address specified hereunder. Any notice personally served upon an office or the person specified by a Party, as the case may be, shall be deemed to be given on the date of such service, any notice served by mail shall be deemed to be given to and received by the addressee on the fourth Business Day, after the mailing thereof and any notice given by email shall be deemed to be given and received on the day when it is sent, if it is sent during normal business hours (8:00 a.m. to 4:00 p.m.) and, otherwise, on the next following normal Business Day. No notices shall be served by mail during times of interruption or threat of interruption of mail service due to strikes, lockout or other causes.

11.4 Personal Information

Purchaser covenants and agrees to use and disclose any personal information contained in any of the books, records or files transferred to Purchaser or otherwise obtained by Purchaser in connection with the Transaction only for those purposes for which it was initially collected from or in respect of the individual to which such information relates or as otherwise permitted or authorized by Applicable Law. Purchaser's obligations set forth in this Section 11.4 shall survive the Closing Date indefinitely.

11.5 Assignment

- (a) Neither Party may assign their interest in or under this Agreement or to the Assets prior to Closing without the prior written consent of the other Party, which consent may be withheld in such other Party's sole and unfettered discretion.
- (b) No assignment, transfer, or other disposition of this Agreement or the Assets or any portion of the Assets shall relieve Purchaser from its obligations to Vendor

- 29 -

herein. Vendor shall have the option to claim performance or payment of the obligations from Purchaser or the assignee or transferee, and to bring proceedings in the event of default against either or all of them, provided that nothing herein shall entitle Vendor to receive duplicate performance or payment of the same obligation.

11.6 Remedies Cumulative

No failure on the part of any Party to exercise any right or remedy will operate as a waiver thereof. A Party will not be precluded from exercising any right available to it at law, equity or by statute because of its exercise of any single or partial right, and a Party may exercise any such remedies independently or in combination.

11.7 Costs

Except as otherwise specified in this Agreement, each Party shall pay its respective costs incurred in connection with the preparation, negotiation and execution of this Agreement and the consummation of the Transaction.

11.8 No Waiver

No waiver by any Party of any breach of any of the terms, conditions, representations or warranties in this Agreement shall take effect or be binding upon that Party unless the waiver is expressed in writing under the authority of that Party 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 or future breach.

11.9 Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof, and the Parties agree and confirm that this Agreement cancels and supersedes any prior understandings and agreements between the Parties hereto with respect to the subject matter hereof, but expressly excluding the Confidentiality and Non-disclosure Agreement dated November 22, 2017, which shall continue to apply in accordance with its terms. No modification of or amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by the Parties.

11.10 Further Assurances

From time to time, as and when reasonably requested by the other Party, a Party shall execute and deliver or cause to be executed and delivered all such documents and instruments and shall take or cause to be taken all such further or other actions to implement or give effect to the Transaction, provided such documents, instruments or actions are consistent with the provisions of this Agreement. All such further documents, instruments or actions shall be delivered or taken at no additional consideration other than reimbursement of any expenses reasonably incurred by the Party providing such further documents or instruments or performing such further acts, by the Party at whose request such documents or instruments were delivered or acts performed.

11.11 Time of the Essence

Time shall be of the essence in this Agreement.

- 30 -

11.12 Enurement

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

11.13 Severability

In the 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.

11.14 Counterpart Execution

This Agreement may be executed in counterpart and all executed counterparts together shall constitute one agreement. This Agreement shall not be binding upon any Party unless and until executed by all Parties.

11.15 Electronic Execution

Delivery of an executed signature page to this Agreement by any Party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by any Party.

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

MANITOK ENERGY INC.**YANGARRA RESOURCES LTD.**Per: 

Name: Gregory A. Vavra
Title: EVP, Business Development

Per: 

Name: Randall J. Faminow
Title: VP, Land

This is the execution page to the Asset Purchase Agreement dated effective October 1, 2018 between Manitok Energy Inc. and Yangarra Resources Ltd.

SCHEDULE "A"

**Attached to and made a part of that Asset Purchase Agreement dated effective
October 1, 2017 between Manito Energy Inc. and Yangarra Resources Ltd.**

Part 1 - Lands, Leases and Petroleum and Natural Gas Rights

**Attached to and made a part of that Asset Purchase Agreement dated effective
October 1, 2017 between Manito Energy Inc. and Yangarra Resources Ltd.**

- See attached Mineral Property Report (24 pages) -

Report Date: Jan 25, 2018

Page Number: 2

-- REPORTED IN ACRES --

MANITOK ENERGY, INC. Mineral Property Report

PART 1 - Lands, Leases and Permits

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

(cont'd)

| | | | |
|-------------------|--------------|-------------------|-------------|
| Other Percent: | Max: | Div: | Prod/Sales: |
| | | Min: | Prod/Sales: |
| Paid to: PDTO (C) | 100.00000000 | Paid by: PDBY (C) | |
| YANGARRA RES | | MANITOK | 50.00000000 |
| | | YANGARRA RES | 50.00000000 |

ROYALTY DEDUCTIONS -
-NO DEDUCTIONS

M01233

A

Royalty / Encumbrances

| Royalty Type | Product Type | Sliding Scale | Convertible | % of Prod/Sales |
|--|-----------------------|---------------|--------------|-----------------|
| CROWN SLIDING SCALE ROYALTY ALL PRODUCTS | Y | N | 100.00000000 | % of PROD |
| Roy Percent: | | | | |
| Deduction: STANDARD | | | | |
| Gas: Royalty: | Min Pay: | | | Prod/Sales: |
| S/S OIL: Min: | Div: | | | Prod/Sales: |
| Other Percent: | Min: | | | Prod/Sales: |
| Paid to: LESSOR (M) | Paid by: BEFOR EAJ(C) | | | |
| AB ENERGY | 2031373 AB LTD. | | | 32.00000000 |
| | YANGARRA RES | | | 17.00000000 |
| | MANITOK | | | 51.00000000 |

Remarks

| Type | Date | Description |
|----------|--------------|--|
| CONTINUE | Oct 14, 2011 | CONTINUATION APPLICATION FAXED IN TO CROWN MAY 24/11 REQUESTING SECTION 15 CONTINUANCE UNDER ENTIRE LEASE - W/O RESPONSE. PER CROWN RESPONSE LETTER DATED JULY 28, 2011, |

Report Date: Jan 25, 2018

Page Number: 3

** REPORTED IN ACRES **

MANITOK ENERGY, INC. Mineral Property Report

PART 1 - Lands, Leases and Permits

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

(cont'd)

| M01233 | A | Remarks | Description |
|--------|---|---------|--|
| | | | S 36 CONTINUED INDEFINITELY TO BASE CARDIUM UNDER SECTION 15. N 36 NOT CONSIDERED PRODUCTIVE. YANGARRA SUBMITTING RESPONSE TO ATTEMPT TO CONTINUE N 1/2... PER LETTER DATED OCTOBER 12, 2011. CROWN DOES NOT CONSIDER P&G BELOW BASE CARDIUM PRODUCTIVE - RIGHTS ARE DELETED FROM LEASE. S/2 SEC 36 P&G TO BASE CARDIUM CONTINUED INDEFINITELY UNDER SECTION 15. SEE FILE FOR AMENDED APPENDIX |

| M01233 | PNG | CR | Est: Nov 03, 2005 | 0.000 | C00986 | A | No | WI | Area : FERRIER |
|---------------|--------------|----|--------------------|-------|-----------------|---|----|-------------|-------------------------------|
| Sub: B | WI | | Exp: Nov 02, 2010 | 0.000 | BONAVISTA EN C | | | 21.60000000 | TWP 37 RGE 8 W5M S 36 |
| ACTIVE | 0605110274 | | Ext: 15 | 0.000 | 2031373 AB LTD. | | | 22.40000000 | ALL PNG FROM TOP SURFACE TO |
| | MANITOK | | | | MANITOK | | | 39.00000000 | BASE CARDIUM |
| 100.000000000 | YANGARRA RES | | Count Acreage = No | | YANGARRA RES | | | 17.00000000 | (EXCL 100/08-36-037-08W5/00 |
| | | | | | | | | | CONVERTIBLE ROYALTY WELL AND |
| | | | | | | | | | 100/01-36-037-08W5/00 PENALTY |
| | | | | | | | | | WELL) |

Total Rental: 0.00

| Status | Dev: | Acres | Net | Undev: | Acres | Not |
|--------|------|-------|-------|--------|-------|-------|
| | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |

| Related Contracts | | | |
|-------------------|---------|------------------|--|
| C00312 A | P&S | Sep 29, 2016 (1) | |
| C00954 B | ROYALTY | Oct 21, 2010 | |
| C00986 A | JOA | Nov 03, 2005 | |
| C01297 A | P&S | Jan 26, 2018 | |

Royalty / Encumbrances

| Product Type | Sliding Scale | Convertible | % of Prod/Sales |
|--------------|---------------|-------------|-----------------|
| ALL PRODUCTS | N | 5.00000000 | % of PROD |

<Linked> Royalty Type
C00964 B GROSS OVERRIDING ROYALTY

Roy Percent: 5.00000000
Deduction: NO
Gas: Royalty:
S/S OIL: Min:

Prod/Sales:

Min Pay:

Report Date: Jan 25, 2018

Page Number: 4
-- REPORTED IN ACRES --MANITOK ENERGY, INC.
Mineral Property Report

PART 1 - Lands, Leases and Permits

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

(cont'd)

Other Percent: Max: Div: Prod/Sales:

Min: Min: Min: Prod/Sales:

Paid to: PDTO (C) Paid by: PDBY (C) 50.00000000

INDUS CANADA MANITOK 50.00000000

100.00000000 YANGARRA RES 50.00000000

ROYALTY DEDUCTIONS -
-NO DEDUCTIONS

M01233 B

Royalty / Encumbrances

Royalty Type Product Type Sliding Scale Convertible % of Prod/Sales

CROWN SLIDING SCALE ROYALTY ALL PRODUCTS Y N 100.00000000 % of PROD

Roy Percent: Min Pay: Min: Prod/Sales:

Deduction: STANDARD Div: Prod/Sales:

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

Other Percent: Paid by: WI (C) 21.60000000

Paid to: LESSOR (M) 100.00000000 2031373 AB LTD. 22.40000000

AB ENERGY MANITOK 39.00000000

YANGARRA RES 17.00000000

Remarks

Type Date Description

CONTINUE Oct 14, 2011 CONTINUATION APPLICATION FAXED IN TO CROWN MAY 24/11

REQUESTING SECTION 15 CONTINUANCE UNDER ENTIRE LEASE - W/Q

Report Date: Jan 25, 2018

Page Number: 5

** REPORTED IN ACRES **

MANITOK ENERGY, INC. Mineral Property Report

PART 1 - Lands, Leases and Permits

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

(cont'd)

| | | | | | | | | | | |
|--------|---|--|------|------|--|--|--|--|--|--|
| M01233 | B | | | | | | | | | Remarks |
| | | | Type | Date | | | | | | Description |
| | | | | | | | | | | RESPONSE... PER CROWN RESPONSE LETTER DATED JULY 28, 2011, S 36 CONTINUED INDEFINITELY TO BASE CARDIUM UNDER SECTION 15, N 36 NOT CONSIDERED PRODUCTIVE. YANGARRA SUBMITTING RESPONSE TO ATTEMPT TO CONTINUE N 1/2... PER LETTER DATED OCTOBER 12, 2011, CROWN DOES NOT CONSIDER P&NG BELOW BASE CARDIUM PRODUCTIVE - RIGHTS ARE DELETED FROM LEASE. S/2 SEC 36 P&NG TO BASE CARDIUM CONTINUED INDEFINITELY UNDER SECTION 15. SEE FILE FOR AMENDED APPENDIX. |

| | | | | | | | | | | |
|--------------|--------------|--------|--------------------|-------|-----------------|--------|-------|--------------|-------------|---|
| M01233 | PNG | CR | Exp: Nov 03, 2005 | 0.000 | C00966 | B | No | BPEN | APEN | Area : FERRIER |
| Sub: C | PEN | | Exp: Nov 02, 2010 | 0.000 | YANGARRA RES | | | 100.00000000 | 56.52000000 | TWP 37 RGE 8 W5M S 38 |
| ACTIVE | 0603110274 | | Ext: 15 | 0.000 | MANITOK | | | | 39.00000000 | (100/01-36-037-08W5/00 PENALTY WELL ONLY) |
| | MANITOK | | | | 2031373 AB LTD. | | | | 4.48000000 | |
| 100.00000000 | YANGARRA RES | | Count Acreage = No | | | | | | | |
| | | Status | Dev: | Acres | Net | Undev: | Acres | Net | | Related Contracts |
| | | | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | | C00312 A P&S Sep 28, 2018 (I) |
| | | | | | | | | | | C00856 A PART Oct 01, 2010 |
| | | | | | | | | | | C00964 B ROYALTY Oct 21, 2010 |
| | | | | | | | | | | C00986 B JOA Nov 03, 2005 |
| | | | | | | | | | | C01297 A P&S Jan 25, 2018 |

| | | | | | | | | | | | |
|----------|--------------------------|--------------|----------|-------|-------------|-----------------|--|--|--|------------------------------------|-------------|
| | | | | | | | | | | Well U.W.I. | Status/Type |
| | | | | | | | | | | 100/01-36-037-08-W5/00 PUMPING/OIL | |
| <Linked> | Royalty Type | Product Type | Standing | Scale | Convertible | % of Prod/Sales | | | | | |
| C00964 B | GROSS OVERRIDING ROYALTY | ALL PRODUCTS | N | N | 5.00000000 | % of PROD | | | | | |
| | Roy Percent: 5.00000000 | | | | | | | | | | |
| | Deduction: NO | | | | | | | | | | |
| | Gas: Royalty: | | | | | | | | | | |
| | S/S OIL: Min: | | | | | | | | | | |
| | | Min Pay: | | | | | | | | | |
| | | Prod/Sales: | | | | | | | | | |

Report Date: Jan 25, 2018
Page Number: 6

MANITOK ENERGY, INC. Mineral Property Report

"REPORTED IN ACRES"

PART 1 - Lands, Leases and Permits

| File Number | Les Type | Lessor Type | Exposure | Oper. Cont. | ROFR | DOI Code | Lease Description / Rights Held |
|-------------|------------------|-------------|----------|-----------------|------|----------|---------------------------------|
| File Status | Int Type / | Les No/Name | Gross | | | | |
| Mineral Int | Operator / Payor | | Net | DOI Partners(s) | | | |

(cont'd)

Other Percent: Max: Div: Min: Prod/Sales: Prod/Sales:

Paid to: PDTO (C) 100.000000000 Paid by: PDBY (C) 50.000000000

INDUS CANADA MANITOK 50.000000000

YANGARRA RES 50.000000000

ROYALTY DEDUCTIONS - -NO DEDUCTIONS

| M01233 | C | Royalty / Encumbrances | Product Type | Sliding Scale | Convertible | % of Prod/Sales | % of PROD |
|--------|---|------------------------|---|---------------------------------|-------------|-------------------------------------|-----------|
| | | | CROWN SLIDING SCALE ROYALTALL PRODUCTS | Y | N | 100.000000000 | |
| | | | Roy Percent: STANDARD | | | | |
| | | | Deduction: Gas: Royalty: S/S OIL: Min: Other Percent: | Min Pay: Div: Min: | | Prod/Sales: Prod/Sales: Prod/Sales: | |
| | | | Paid to: LESSOR (M) 100.000000000 | Paid by: SPEN (C) 100.000000000 | | | |
| | | | AB ENERGY | YANGARRA RES | MANITOK | | |
| | | | | 2031373 AB LTD. | | | |

| Type | Date | Description | Remarks |
|----------|--------------|--|---------|
| CONTINUE | Oct 14, 2011 | CONTINUATION APPLICATION FAXED IN TO CROWN MAY 24/11 REQUESTING SECTION 15 CONTINUANCE UNDER ENTIRE LEASE - W/O RESPONSE... PER CROWN RESPONSE LETTER DATED JULY 28, 2011. | |

Report Date: Jan 25, 2018
Page Number: 7

MANITOK ENERGY, INC.
Mineral Property Report

-- REPORTED IN ACRES --

PART 1 - Lands, Leases and Permits

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

(cont'd)

| | | | | | | | |
|--------|---|------|------|--|--|--|---------|
| M01233 | C | | | | | | Remarks |
| | | Type | Date | Description | | | |
| | | | | S 36 CONTINUED INDEFINITELY TO BASE CARDIUM UNDER SECTION 15. N 36 NOT CONSIDERED PRODUCTIVE. YANGARRA SUBMITTING RESPONSE TO ATTEMPT TO CONTINUE N 1/2... PER LETTER DATED OCTOBER 12, 2011. CROWN DOES NOT CONSIDER P&NG BELOW BASE CARDIUM PRODUCTIVE - RIGHTS ARE DELETED FROM LEASE. S2 SEC 36 P&NG TO BASE CARDIUM CONTINUED INDEFINITELY UNDER SECTION 15. SEE FILE FOR AMENDED APPENDIX. | | | |

| | | | | | | | | | |
|---------------|---------|-----------|-------------------|---------------|-----------------|--------|----|--------------|--|
| M01237 | PNG | CR | Eff: Jan 25, 1971 | 640.000 | C00953 | A | No | AFTER EARN | Area : FERRIER |
| Sub: A | WI | | Exp: Jan 25, 1981 | 640.000 | MANITOK | | | 40.000000000 | TWP 36 RGE 7 W5M S 3, E 4 |
| ACTIVE | 24043 | | Ext: 15 | 255.000 | 2031373 AB LTD. | | | 50.000000000 | ALL PNG FROM TOP SURFACE TO BASE CARDIUM |
| 100.000000000 | MANITOK | | | | OPTIMUS ENERGY | | | 10.000000000 | (EXCLUDING 40 ACRES OF LAND AS TO P&NG IN THE CARDIUM FORMATION ONLY, COMPRISING A 150 METER SQUARE BUFFER CENTERED AROUND THE BOTTOM HOLE COORDINATES OF THE PENN WEST WELL KNOWN AS OPTIMUS NCO FERRIER 15-4-36-7W5) |
| | | Status | Dev: | Acres | Net | Undev: | | Acres | |
| | | DEVELOPED | | 320.000 | 128.000 | | | 320.000 | |
| | | | | | | | | Not | |
| | | | | | | | | 128.000 | |
| | | | | Total Rental: | | 896.00 | | | |

Royalty / Encumbrances

| <Linked> | Royalty Type | Product Type | Shldng Scale | Convertible | % of Prod/Sales |
|----------|--------------------------|--------------|--------------|--------------|-------------------------|
| C00952 A | GROSS OVERRIDING ROYALTY | ALL PRODUCTS | Y | N | 50.000000000 % of SALES |
| | Roy Percent: | | | | |
| | Deduction: | NO | | | |
| | Gas Royalty: | 15.000000000 | | | |
| | S/S OIL: Min: | 7.500000000 | Max: | 15.000000000 | Div: 1/150 |
| | | | | | Prod/Sales: |
| | | | | | Prod/Sales: |

| Related Contracts | P&S | Sep 29, 2016 (I) |
|-------------------|--------|------------------|
| C00312 A | FO&OPT | Feb 08, 2010 (I) |
| C00950 B | FO&OPT | Feb 08, 2010 (I) |
| C00951 A | JOA | Jan 20, 1971 (I) |
| C00952 A | FO&OPT | May 13, 2010 |

MANITOK ENERGY, INC.
Mineral Property Report

REPORTED IN ACRES™

PART 1 - Lands, Leases and Permits

[illegible]

| Royalty Type | | Product Type | | Sliding Scale | | Convertible | | % of Prod/Sales | |
|-----------------------------|------------|--------------|--|---------------|--|-----------------|--|-----------------|-------------|
| CROWN SLIDING SCALE ROYALTY | | ALL PRODUCTS | | Y | | N | | % of PROD | |
| Roy Percent: | | STANDARD | | | | | | | |
| Deduction: | | | | | | | | | |
| Gas: Royalty: | | | | Min Pay: | | | | | Prod/Sales: |
| S/S OIL: Min: | | | | Max: | | Div: | | | Prod/Sales: |
| Other Percent: | | | | | | Min: | | | Prod/Sales: |
| Paid to: | LESSOR (M) | | | | | Paid by: | | AFTER EARG | |
| AS ENERGY | | | | | | MANITOAK | | 40.00000000 | |
| | | | | | | 2031373 AB LTD. | | 50.00000000 | |
| | | | | | | OPTIMUS ENERGY | | 10.00000000 | |

Remarks

| Type | Date | Description |
|--------|--------------|---|
| RENTAL | Jun 28, 2017 | OPTIMUS BILLS US 50% FOR RENTALS AND WE IN TURN BILL OUT TO PARTNERS AS FOLLOWS: 40% - MANITOK 50% - FELCOM |

Report Date: Jan 25, 2018

Page Number: 9

" REPORTED IN ACRES"

MANITOK ENERGY, INC. Mineral Property Report

PART 1 - Lands, Leases and Permits

| File Number | Lsc Type | Lessor Type | Exposure | Oper.Comt. | ROFR | DOI Code | Lease Description / Rights Held |
|-------------|------------------------|-------------|----------|----------------|------|----------|---------------------------------|
| File Status | Int Type / Lsc No/Name | | Gross | | | | |
| Mineral Int | Operator / Payor | | Net | DOI Partner(s) | | | |

(cont'd)

M01237 A _____ Remarks _____

Type Date Description
10% - OPTIMUS

M00769 PNG CR Eff: Jul 13, 2006 640.000 WI
Sub: A WI Exp: Jul 12, 2011 640.000 MANITOK 100.000000000
ACTIVE 0506070107 Ext: 15 640.000
100.000000000 MANITOK
Total Rental: 896.00

Area : FERRIER
TWP 38 RGE 7 W5M SEC 23
ALL PNG FROM BASE CARDIUM TO
BASE BANFF

Related Contracts
C00312 A P&S Sep 29, 2016 (I)
C01297 A P&S Jan 26, 2018

Well U.W.I. Status/Type
100/03-23-038-07-W500 FLOWING/GAS
100/13-23-038-07-W500 SUSP/GAS
100/03-23-038-07-W500 PUMPING/OIL
100/13-23-038-07-W502 SUSP/GAS
100/01-23-038-07-W500 D&A/D&A

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

Remarks

Type Date Description
CONTINUE Sep 20, 2011 CONTINUATION APPLICATION FAXED AND COURIERED TO CROWN JULY

Report Date: Jan 25, 2018
Page Number: 10

-- REPORTED IN ACRES --

MANITOK ENERGY, INC. Mineral Property Report

PART 1 - Lands, Leases and Permits

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

(cont'd)

| File Number | Type | Date | Description | Remarks |
|-------------|---------|--------------|--|---------|
| M00769 | A | | 6 REQUESTING SECTION 15 INDEFINITE CONTINUATION BASED ON PRODUCTION FROM 3-23, 10203-23 & 13-23 WELLS... CROWN RESPONSE DATED SEP 12/11 - LEASE CONTINUED INDEFINITELY UNDER SECTION 15. | |
| | GENERAL | Feb 11, 2009 | APPLICATION TO ESTABLISH A HOLDING FOR THE PRODUCTION OF GAS FROM THE OSTRACOD, ELLERSLIE AND ROCK CREEK ON FILE DATED JANUARY 6, 2009. | |
| | | | FERRIER ALBERTA SECTION 23-3B-7 WSM SEE FILE FOR FURTHER DETAILS. | |

| | | | | | | | | | |
|--------------|------------|--------------------|---------|----------------|---|----|-------------|-------------|--------------------------------|
| M01238 | LICENCE CR | EH: Mar 22, 2002 | 160.000 | C00957 | R | No | BPEN | APEN | Area : FERRIER |
| Sub: A | WI | Exp: Mar 21, 2006 | 0.000 | MANITOK | | | 30.12500000 | 21.08750000 | TWP 38 RGE 8 WSM E 2 |
| ACTIVE | 5402030069 | Ext: 15 | 0.000 | CNR | | | 40.00000000 | 40.00000000 | ALL PNG IN CARDIUM |
| | MANITOK | | | YANGARRA RES | | | 29.87500000 | 25.37500000 | (100/15-02-038-08W5/00 PENALTY |
| 100.00000000 | CNPL | Count Acreage = No | | BONAVISTA EN C | | | 13.53750000 | 13.53750000 | WELL ONLY) |

Total Rental: 896.00

| Status | Acres | Net | Underv: | Acres | Net | Related Contracts |
|--------|-------|-------|---------|-------|-------|-------------------------------|
| | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | C00312 A P&S Sep 29, 2016 (I) |
| | | | | | | C00957 B FO&OPT Sep 08, 2010 |
| | | | | | | C00961 A PART Dec 13, 2010 |
| | | | | | | C00967 B FO&OPT Mar 18, 2002 |
| | | | | | | C00958 B PART Mar 14, 2005 |
| | | | | | | C00978 A WICA Jan 01, 2012 |
| | | | | | | C01257 A P&S Jan 26, 2018 |

<Linked> Royalty Type Product Type Sliding Scale Convertible % of Prod/Sales
C00957 B GROSS OVERRIDING ROYALTY ALL PRODUCTS N 45.12500000 % of PROD
Roy Percent: 7.50000000

Well U.W.I. Status/Type
100/15-02-038-08-W5/00 FLOWING/OIL

MANITOK ENERGY, INC.
Mineral Property Report

" REPORTED IN ACRES "

PART 1 - Lands, Leases and Permits

| File Number | File Status | Mineral Int | Lse Type | Lessor Type | Int Type / Lse No/Name | Operator / Payor | Exposure Gross | Oper.Contl | ROFR | DOI Code | Lease Description / Rights Held |
|-------------|-------------|-------------|----------|-------------|------------------------|------------------|----------------|------------|------|----------|---------------------------------|
|-------------|-------------|-------------|----------|-------------|------------------------|------------------|----------------|------------|------|----------|---------------------------------|

(cont'd)

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|---|---|--|--|--|--|--|--|--|--|--|--|
| M01238 | A | | | | | | | | | | |
| Deduction: YES | | | | | | | | | | | |
| Gas: Royalty: S/S OIL: Min: Other Percent: Max: | | | | | | | | | | | |
| Paid to: PDTO (C) 100.000000000 | | | | | | | | | | | |
| GRAY DUSENBERY | | | | | | | | | | | |
| Paid by: PDBY (C) 66.760000000 | | | | | | | | | | | |
| MANITOK | | | | | | | | | | | |
| YANGARRA RES 33.240000000 | | | | | | | | | | | |
| Prod/Sales: Prod/Sales: Prod/Sales: | | | | | | | | | | | |

ROYALTY DEDUCTIONS -
SAME AS CROWN - MAX 50%

Royalty / Encumbrances

| <Linked> | Royalty Type | Product Type | Sliding Scale | Convertible | % of Prod/Sales |
|---|--------------------------|--------------|---------------|-------------|-----------------|
| C00958 B | GROSS OVERRIDING ROYALTY | ALL PRODUCTS | N | N | 45.12500000 |
| Roy Percent: 0.11562500 | | | | | |
| Deduction: UNKNOWN | | | | | |
| Gas: Royalty: S/S OIL: Min: Other Percent: Max: | | | | | |
| Paid to: PDTO (C) 100.000000000 | | | | | |
| INCIPIENT EXPLO | | | | | |
| Paid by: WI (C) 50.20953000 | | | | | |
| MANITOK | | | | | |
| YANGARRA RES 49.79047000 | | | | | |
| Prod/Sales: Prod/Sales: Prod/Sales: | | | | | |

GENERAL REMARKS -
ROYALTY PAYABLE ON APO INTERESTS PER MEMORANDUM OF UNDERSTANDING
DATED MAY 3, 2013 UNDER FARMOUT & OPTION AGREEMENT DATED SEPTEMBER 8, 2010
(C0106)

Report Date: Jan 25, 2018

Page Number: 12

** REPORTED IN ACRES **

MANITOK ENERGY, INC. Mineral Property Report

PART 1 - Lands, Leases and Permits

| File Number | File Status | Mineral Int | Lse Type | Lease Type | Int Type / Lse No/Name | Operator / Payor | Exposure | Oper. Cont. | ROFF | DOI Code | Lease Description / Rights Held |
|-------------|-------------|-------------|----------|------------|------------------------|------------------|----------|-------------|------|----------|---------------------------------|
| | | | | | | | Gross | | | | |
| | | | | | | | Net | | | | |
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|----------|--------------------------|------------------------|---------------|-------------|-----------------|-----------|--------------|--------|-------------|--|--|
| A | | Royalty / Encumbrances | | | | | | | | | |
| <Linked> | Royalty Type | Product Type | Sliding Scale | Convertible | % of Prod/Sales | | | | | | |
| C00868 B | GROSS OVERRIDING ROYALTY | ALL PRODUCTS | N | N | 42.12500000 | % of PROD | | | | | |
| | Roy Percent: | 0.81000000 | | | | | | | | | |
| | Deduction: | UNKNOWN | | | | | | | | | |
| | Gas: Royalty: | | | | | | Min Pay: | | Prod/Sales: | | |
| | S/S OIL- Min: | | | | | | Div: | | Prod/Sales: | | |
| | Other Percent: | | | | | | Min: | | Prod/Sales: | | |
| | Paid to: | POTO1 (C) | | | | | Paid by: | W1 (C) | | | |
| | SURGE GEN PART | | 100.00000000 | | | | MANITOK | | 50.20953000 | | |
| | | | | | | | YANGARRA RES | | 49.79047000 | | |

GENERAL REMARKS -

ROYALTY PAYABLE ON APO INTERESTS PER MEMORANDUM OF UNDERSTANDING
DATED MAY 3, 2013 UNDER FARMOUT & OPTION AGREEMENT DATED SEPTEMBER 8, 2010
(C0105)

| Royalty Type | Product Type | Sliding Scale | Convertible | % of Prod/Sales | | | | | | | |
|--|--------------|---------------|--------------|-----------------|-------------|-------------|--|--|--|--|--|
| CROWN SLIDING SCALE ROYALTY/ALL PRODUCTS | Y | N | 100.00000000 | % of PROD | | | | | | | |
| Roy Percent: | | | | | | | | | | | |
| Deduction: | STANDARD | | | | | | | | | | |
| Gas: Royalty: | | Max: | Min Pay: | Div: | Min: | Prod/Sales: | | | | | |
| S/S OIL: Min: | | | | | | Prod/Sales: | | | | | |
| Other Percent: | | | | | | Prod/Sales: | | | | | |
| Paid to: | LESSOR (M) | 100.00000000 | Paid by: | BPEN (C) | 30.12500000 | | | | | | |
| AB ENERGY | | | MANITOK | | 40.00000000 | | | | | | |
| | | | CNR | | | | | | | | |

Report Date: Jan 25, 2018
Page Number: 13

" REPORTED IN ACRES "

MANITOK ENERGY, INC. Mineral Property Report

PART 1 - Lands, Leases and Permits

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

(cont'd)

M01238 A YANGARRA RES 29.87500000
BONAVISTA EN C

Remarks

Type CONTINUE Date Jan 10, 2012
Description
DEVON FAXED CONTINUATION APP. TO GROWN SEP 16, REQUESTING A SECTION 15 CONT. TO BASE CARDIUM BASED ON THE 15-2 WELL.
W/O RESPONSE.
PER LETTER ON FILE DATED DECEMBER 1, 2011, SECTION 2-38-8W5M
CONTINUED INDEFINITELY UNDER SECTION 15 - SEE AMENDED APPENDIX ON FILE FOR FURTHER DETAILS.

| | | | | | | | | | |
|--------|------------|---------|-------------------|---------|----------------|---|----|-------------|-----------------------------|
| M01238 | LICENCE | CR | Elf: Mar 22, 2002 | 320.000 | C00957 | A | No | WI | Area : FERRIER |
| Sub: B | WI | | Exp: Mar 21, 2006 | 320.000 | MANITOK | | | 21.08750000 | TWP 38 RGE 8 W5M W 2 |
| ACTIVE | 5402030069 | MANITOK | Ext: 15 | 67.480 | BONAVISTA EN C | | | 13.53750000 | ALL PNG FROM TOP SURFACE TO |
| | | | | | CNR | | | 40.00000000 | BASE CARDIUM, |
| | | | | | YANGARRA RES | | | 25.37500000 | (EXCL PNG IN CARDIUM) |
| | | | | | | | | | (EXCL PNG IN VIKING) |
| | | | | | | | | | (EXCL 100/15-02-038-08W500 |
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MANITOK ENERGY, INC.
Mineral Property Report

... REPORTED IN ACRES ...

PART 1 - Lands, Leases and Permits

| File Number | File Status | File Type | Int Type / Lse No/Name | Operator / Payor | Exposure | Oper.Comt | ROFR | DOI Code | Lease Description / Rights Held |
|-------------|-------------|-----------|------------------------|------------------|----------|-----------|------|----------|---------------------------------|
| | | | | | Gross | | | | |
| | | | | | Net | | | | |

(b)(7)(C)

[illegible]

GENERAL REMARKS-

ROYALTY PAYABLE ON APO INTERESTS PER MEMORANDUM OF UNDERSTANDING
DATED MAY 3, 2013 UNDER FACMOUT & OPTION AGREEMENT DATED SEPTEMBER 8, 2010
(C0106)

Royalty / Encumbrances

| Royalty Type | | Product Type | | Standing Scale | | Convertible | | % of Prod/Sales | |
|--------------------------|--|--------------|--|-----------------|--|-------------|--|-----------------|--|
| ALL PRODUCTS | | ALL PRODUCTS | | N | | N | | % of PROD | |
| GROSS OVERRIDING ROYALTY | | 0.81000000 | | | | | | | |
| Roy Percent: | | NO | | | | | | | |
| Deduction: | | | | | | | | | |
| Gas: Royalty: | | | | | | | | Prod/Sales: | |
| S/S OIL: Min: | | | | | | | | Prod/Sales: | |
| Other Percent: | | | | | | | | Prod/Sales: | |
| Paid to: FDOT1 | | (C) | | Paid by: WI | | (C) | | | |
| SURGE GEN PART | | 100.00000000 | | GRAY DUSENBERRY | | 22.56270000 | | | |
| | | | | MANITOK | | 35.14655990 | | | |
| | | | | YANGAFRA RES | | 42.29063010 | | | |

Report Date: Jan 25, 2018

Page Number: 15

MANITOK ENERGY, INC.

Mineral Property Report

REPORTED IN ACRES.

PART 1 - Lands, Leases and Permits

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

(cont'd)

MO1238

GENERAL REMARKS-

ROYALTY PAYABLE ON APO INTERESTS PER MEMORANDUM OF UNDERSTANDING
DATED MAY 3, 2015 UNDER FARMOUT & OPTION AGREEMENT DATED SEPTEMBER 8, 2010
(C0106)

| Royalty Type | Product Type | Sliding Scale | Convertible | % of Prod/Sales |
|---------------------|--------------|---------------|-------------|------------------------|
| CROWN SLIDING SCALE | ROYALT | Y | N | 100.00000000 % of PROD |

Play Percent:

Deduction: STANDARD

Gas: Royalty:

ES OIL SPRAY

Other Percent

Paid to: LESSOR (M)

AB ENERGY

100.00000000

Paid by: **WV**

МАШИНОСТРОЕНИЕ

6

21.0875000

BONAVISTA EN C

CNR

UNIVERSITY

—

21.0875000

13.53750000

40.000000

25.37500000
40.00000000

Remarks

| Type | Date | Description |
|----------|--------------|--|
| CONTINUE | Jan 10, 2012 | DEVON FAXED CONTINUATION APP. TO CROWN SEP 16, REQUESTING A SECTION 15 CONT. TO BASE CARDIUM BASED ON THE 15-2 WELL... W/O RESPONSE... |
| | | PER LETTER ON FILE DATED DECEMBER 1, 2011, SECTION 2-38-8W5M |
| | | CONTINUED INDEFINITELY UNDER SECTION 15- SEE AMENDED APPENDIX ON FILE FOR FURTHER DETAILS. |

Report Date: Jan 25, 2018
Page Number: 17

MANITOK ENERGY, INC.
Mineral Property Report

-- REPORTED IN ACRES--

| PART 1 - Lands, Leases and Permits | | | | |
|------------------------------------|------------------------|------------------|----------|----------------|
| File Number | Lease Type | Lease Type | Exposure | DOI Code |
| File Status | Int Type / Lse No/Name | Operator / Payer | Net | DOI Partner(s) |
| Mineral Int | Operator / Payer | | | |

Lease Description / Rights Held

(cont'd)

M012318 C

Royalty / Encumbrances

<Linked> Royalty Type Product Type Sliding Scale Convertible % of Prod/Sales
C00868 A GROSS OVERRIDING ROYALTY ALL PRODUCTS N 42.12500000 % of PROD
Roy Percent: 0.81000000
Deduction: NO
Gas: Royalty:
S/S OIL: Min:
Other Percent:
Paid to: POTO1 (C) 100.00000000
SURGE GEN PART
Paid by: WI (C) 22.56270000
GRAY DUSEN RERY 35.14688990
MANITOK 42.29063010
YANGARRA RES

GENERAL REMARKS -

ROYALTY PAYABLE ON APO INTERESTS PER MEMORANDUM OF UNDERSTANDING
DATED MAY 3, 2013 UNDER FARMOUT & OPTION AGREEMENT DATED SEPTEMBER 8, 2010
(C0105)

Royalty Type Product Type Sliding Scale Convertible % of Prod/Sales
CROWN SLIDING SCALE ROYALTY ALL PRODUCTS Y N 100.00000000 % of PROD
Roy Percent:
Deduction: STANDARD
Gas: Royalty:
S/S OIL: Min:
Other Percent:
Paid to: LESSOR (M) 100.00000000
AB ENERGY
Paid by: WI (C) 21.08750000
MANITOK

Report Date: Jan 25, 2018
Page Number: 19

MANITOK ENERGY, INC.
Mineral Property Report

.. REPORTED IN ACRES ..

PART 1 - Lands, Leases and Permits

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

(cont'd)

M01238 Roy Percent: 0.11562500 Deduction: UNKNOWN Prod/Sales: Prod/Sales: Prod/Sales:

D Gas: Royalty: S/S OIL: Min: Other Percent: Min Pay: Div: Min: Paid by: WI (C) 22.56270000 35.14666990 42.29063010

INCIPIENT EXPLO 100.00000000 GRAY DUSENBERRY MANITOK YANGARRA RES

GENERAL REMARKS -

ROYALTY PAYABLE ON APO INTERESTS PER MEMORANDUM OF UNDERSTANDING
DATED MAY 3, 2013 UNDER FARMOUT & OPTION AGREEMENT DATED SEPTEMBER 8, 2010
(C0106)

Royalty / Encumbrances

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

C00568 C GROSS OVERRIDING ROYALTY ALL PRODUCTS N 42.12500000 % of PROD

Roy Percent: 0.81000000 Deduction: UNKNOWN Min Pay: Div: Min: Prod/Sales: Prod/Sales: Prod/Sales:

Gas: Royalty: S/S OIL: Min: Other Percent: Max: Paid by: WI (C) 22.56270000 35.14666990 42.29063010

INCIPIENT EXPLO 100.00000000 GRAY DUSENBERRY MANITOK YANGARRA RES

Report Date: Jan 25, 2018
Page Number: 20

MANITOK ENERGY, INC.
Mineral Property Report

" REPORTED IN ACRES"

PART 1 - Lands, Leases and Permits

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

(cont'd)

M01238 D GENERAL REMARKS -
ROYALTY PAYABLE ON APO INTERESTS PER MEMORANDUM OF UNDERSTANDING
DATED MAY 3, 2013 UNDER FARMOUT & OPTION AGREEMENT DATED SEPTEMBER 8, 2010
(C0106)

Royalty Type Product Type Sliding Scale Convertible % of Prod/Sales
CROWN SLIDING SCALE ROYALTY ALL PRODUCTS Y N 100.000000000 % of PROD

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

Paid to: LESSOR (M) Paid by: WI (C)
AB ENERGY 100.000000000 GRAY DUENBERY 22.56270000
MANITOK 35.14666990
YANGARRA RES 42.29063010

M01231 PNG CR Eff: Jan 28, 2010 640.000 WI
Sub: A WI Exp: Jan 27, 2015 640.000 MANITOK 100.000000000
ACTIVE 0510010322 Ext: 15 640.000
MANITOK
100.000000000 MANITOK
Status UNDEVELOPED Dev: Net Undev: Acres Net
640.000 0.000 640.000 640.000
Total Rental: 896.00
Area: FERRIER
TWP 39 RGE 7 W5M SEC 3
ALL PNG IN MANVILLE
Related Contracts
C00312 A P&S Sep 29, 2016 (I)
C01297 A P&S Jan 26, 2018

Royalty / Encumbrances

Report Date: Jan 25, 2018
Page Number: 21

MANTOK ENERGY, INC.
Mineral Property Report

- REPORTED IN ACRES¹⁴

PART 1 - Lands, Leases and Permits

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

(ସଂ. ୩)

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

Remarks

| Type | Date | Description |
|----------|--------------|--|
| CONTINUE | Jan 05, 2015 | ADVANCED RULING APPLICATION FAXED IN TO CROWN NOV 19/14 REQUESTING SECTION 15 CONTINUANCE ON ENTIRE LEASE. PER CROWN LETTER DATED DECEMBER 23, 2014, SECTION 3,P&NG IN MANNVILLE, CONTINUED INDEFINITELY UNDER SECTION 15. SEE FILE FOR FURTHER DETAILS. |

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------|--|--|--|--|--|--|--|--|--|------------|--|------|--|-------------------|--|---------|--|--------------|--|---------|--|--------|--|--------------|--|---|--|-------------------|--|------------------|--|-------------|--|
| M00507 | | | | | | | | | | PNG | | CR | | Eff: Mar 24, 2005 | | 840,000 | | C00980 | | A | | No | | WI | | Area : WILLESSEN GREEN | | | | | | | |
| Sub: A | | | | | | | | | | WI | | | | Exp: Mar 23, 2010 | | 840,000 | | MANITOK | | | | | | 80,000000000 | | TWP 41 RGE 7 WSM SEC 14 | | | | | | | |
| ACTIVE | | | | | | | | | | 0505030862 | | | | Ext: 15 | | 512,000 | | YANGARRA RES | | | | | | 20,000000000 | | ALL PNG FROM TOP SURFACE TO BASE VIKING_ZONE | | | | | | | |
| 100,000000000 | | | | | | | | | | MANITOK | | | | Total Rental: | | 895.00 | | | | | | | | | | | | Related Contracts | | | | | |
| Status | | | | | | | | | | DEVELOPED | | Dev: | | 160,000 | | Acres | | Net | | 128,000 | | Undev: | | 480,000 | | C00312 A | | P&S | | Sep 29, 2016 (I) | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | 384,000 | | C00560 A | | JOA | | Feb 22, 2011 | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | C01157 B | | ROYALTY | | May 19, 2017 | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | C01297 A | | P&S | | Jan 26, 2018 | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | Well U.W.I. | | Status/Type | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Report Date: Jan 25, 2018
Page Number: 22

" REPORTED IN ACRES "

MANITOK ENERGY, INC. Mineral Property Report

PART 1 - Lands, Leases and Permits

| File Number | File Status | Mineral Int | Lease Type | Lessor Type | Int Type / Lease Name | Operator / Payor | Exposure | Oper. Cont. | ROFR | DOI Code | Lease Description / Rights Held |
|-------------|-------------|-------------|------------|-------------|-----------------------|------------------|----------|-------------|------|----------|---------------------------------|
| | | | | | | | Gross | | | | |
| | | | | | | | Net | | | | |
| | | | | | | | | | | | |

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100/09-14-041-07-W5/00 SUSP/OIL

Product Type ALL PRODUCTS N 80.00000000 % of SALES

Royalty Type
C01157 B GROSS OVERRIDING ROYALTY
Roy Percent: 4.00000000
Deduction: NO

Prod/Sales:
Prod/Sales:
Prod/Sales:

Min Pay:
Div:
Min:

Max:
Gas: Royalty:
S/S OIL: Min:
Other Percent:

Paid by: POBY (C)
MANITOK 100.000000000

Paid to: PDTO (C)
PSK ROYALTY 100.000000000

ROYALTY DEDUCTIONS - Oct 18, 2017
-NO DEDUCTIONS WHATSOEVER
GENERAL REMARKS - Oct 18, 2017

ROYALTY DETERMINATION POINT IN CLAUSE 2.01 (QUANTIFICATION OF OVERRIDING ROYALTY) OF ROYALTY PROCEDURE ARE DELETED AND REPLACED WITH THE WORDS WITH THE WORDS - "POINT OF SALE" WHICH FOR CLARITY WILL BE A POINT WHERE THE PETROLEUM SUBSTANCES ARE SOLD OR ARE TO BE SOLD TO A THIRD PARTY DOWNSTREAM OF ANY GATHERING, TREATING OR PROCESSING

Royalty / Encumbrances

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

Roy Percent:
Deduction: STANDARD

Prod/Sales:
Prod/Sales:
Prod/Sales:

Min Pay:
Div:
Min:

Max:
Gas: Royalty:
S/S OIL: Min:
Other Percent:

Paid to: LESSOR (M)
Paid by: WI (C)

Report Date: Jan 25, 2018
Page Number: 23

-- REPORTED IN ACRES--

MANITOK ENERGY, INC.
Mineral Property Report

PART 1 - Lands, Leases and Permits

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

(cont'd)

| | | | | | | | |
|----------------|--------------|---|--------------|--------------|-------------|-------------|--|
| M00807 | A | AB ENERGY | 100.00000000 | MANITOK | 80.00000000 | 20.00000000 | |
| | | | | YANGARRA RES | | | |
| Remarks | | | | | | | |
| Type | Date | Description | | | | | |
| CONTINUE | Sep 16, 2011 | APPLICATION FAXED INTO CROWN SEP 16 REQUESTING SECTION 15 CONTINUANCE BASED ON PROD. TESTING FROM 16-14 WELL.. W/O RESPONSE FROM CROWN... | | | | | |
| | | PER LETTER ON FILE DATED NOVEMBER 20, 2011, LEASE CONTINUED INDEFINITELY UNDER SECTION 15. SEE FILE FOR FURTHER DETAILS. | | | | | |
| CONTINUE | May 24, 2011 | CONTINUATION APP. FAXED IN TO CROWN MAR 21/11 REQUESTING SECTION 16 BASED ON THE RR OF THE 16-14 WELL.. PER LETTER ON FILE DATED MAY 17, 2011, LEASE CONTINUED UNDER SECTION 16 UNTIL SEPTEMBER 18, 2011. | | | | | |
| CONTINUE | Feb 04, 2010 | ADVANCED RULING APPLICATION DATED JANUARY 21, 2010 FORWARDED TO CROWN REQUESTING SECTION 15 CONTINUATION FOR LEASES 0505030862 & 0506030862. PER RESPONSE LETTER ON FILE DATED MARCH 18, 2010, LEASE IS CONTINUED TO BASE VIKING UNDER A SECTION 17 UNTIL MARCH 24, 2011. RENT AND SECTION 17 FEES PAID UNDER TEX LETTER DATED MARCH 26/2010. SEE FILE FOR FURTHER DETAILS. | | | | | |

Report Date: Jan 25, 2018
Page Number: 24

-- REPORTED IN ACRES --

MANITOK ENERGY, INC. Mineral Property Report

PART 1 - Lands, Leases and Permits

| File Number | Lse Type | Lessor Type | Exposure | Oper. Cont. | ROFR | DOI Code | Lease Description / Rights Held |
|---------------|------------------|-------------|------------|-------------|----------------|-----------|---------------------------------|
| File Status | Int Type | Lsc No/Name | Gross | Net | DOI Partner(s) | | |
| Mineral Int | Operator / Payor | | | | | | |
| Report Total: | Total Gross: | 3,520.000 | Total Net: | 2,346.160 | | | |
| | Dev Gross: | 1,500.000 | Dev Net: | 1,045.080 | Undev Gross: | 1,920.000 | Undev Net: 1,301.080 |

-- End of Report --

Part 2 –Wells

Attached to and made a part of that Asset Purchase Agreement dated effective October 1, 2017 between Manito Energy Inc. and Yangarra Resources Ltd.

| Well | License | Well Name | Operator |
|-----------------------|---------|-------------------------------|---------------------|
| 100/01-36-037-08W5/00 | 0478768 | YANGARRA HZ FERRIER 1-36-37-8 | Yangarra Rsrcs Corp |
| 100/06-36-037-08W5/00 | 0424507 | MNK FERRIER 6-36-37-8 | Manitok Enrg Inc |
| 100/08-03-038-07W5/00 | 0427299 | TOURNEX HZ FERRIER 8-3-38-7 | Craft Oil Inc |
| 100/07-04-038-07W5/00 | 0421897 | TOURNEX HZ FERRIER 7-4-38-7 | Craft Oil Inc |
| 100/01-23-038-07W5/00 | 0421628 | MNK FERRIER 1-23-38-7 | Manitok Enrg Inc |
| 100/03-23-038-07W5/00 | 0401386 | MNK FERRIER 3-23-38-7 | Manitok Enrg Inc |
| 102/03-23-038-07W5/00 | 0417809 | MNK FERRIER 3-23-38-7 | Manitok Enrg Inc |
| 100/13-23-038-07W5/00 | 0411747 | MNK FERRIER 13-23-38-7 | Manitok Enrg Inc |
| 100/13-23-038-07W5/02 | 0411747 | MNK FERRIER 13-23-38-7 | Manitok Enrg Inc |
| 102/03-02-038-08W5/00 | 0443035 | YANGARRA HZ FERRIER 3-2-38-8 | Yangarra Rsrcs Corp |
| 100/04-02-038-08W5/00 | 0454457 | YANGARRA HZ FERRIER 4-2-38-8 | Yangarra Rsrcs Corp |
| 100/15-02-038-08W5/00 | 0427759 | CNRL FERRIER 15-2-38-8 | Yangarra Rsrcs Corp |
| 100/16-02-038-08W5/00 | 0456330 | YANGARRA HZ FERRIER 16-2-38-8 | Yangarra Rsrcs Corp |
| 100/09-14-041-07W5/00 | 0430516 | MNK WILLGR 9-14-41-7 | Manitok Enrg Inc |

AMENDING AGREEMENT AND ACKNOWLEDGEMENT

THIS AGREEMENT is dated as of February 13, 2018

BETWEEN:

MANITOK ENRGY INC., a corporation incorporated under the laws of the Province of Alberta, (the "Vendor")

- and -

YANGARRA RESOURCES LTD., a corporation incorporated under the laws of the Province of Alberta, (the "Purchaser")

RECITALS:

WHEREAS the Vendor and the Purchaser are parties to an Asset Purchase Agreement dated effective as of October 1, 2017 (the "APA");

AND WHEREAS the Vendor and the Purchaser have agreed to amend the APA with respect to the Outside Date (as defined in the APA);

AND WHEREAS the Vendor and the Purchaser wish to acknowledge and agree that all conditions contained in the APA to consummate the transaction contemplated therein has been satisfied or waived other than the Court Approval being obtained;

NOW THEREFORE in consideration of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

1. (a) Context B on page 1 of the APA is deleted in its entirety and is replaced with:
 - B. *Vendor filed a notice of intention to make a proposal (the "NOI" or the "Proposal Proceeding") under Division I of the Bankruptcy and Insolvency Act, RSC 1985, c B-3 (the "BLA"), on January 10, 2018,"*
- (b) Section 1.1(ii) is deleted in its entirety and is replaced with:
 - (ii) "Outside Date" means February 21, 2018.
- (c) Section 1.1 (ss) is deleted in its entirety and is replaced with:
 - (ss) [Intentionally Deleted].
- (d) Section 1.1 (tt) is deleted in its entirety and is replaced with:
 - (tt) [Intentionally Deleted].
- (e) The following definition is hereby added after Section 1.1(o):
 - (o-1) "Debt Financing" means a new Manitok credit facility;
- (f) The following definition is hereby added after Section 1.1(v):
 - (v-1) "Equity Financing" means the issuance of subscription receipts of Manitok;

- 2 -

(g) Section 3.1(a) is deleted in its entirety and is replaced with:

- (a) February 15, 2018 or a Business Day designated in writing by Vendor that occurs no later than five (5) Business Days following the day the Court Approval is obtained; and

(h) Section 4.1(a) is deleted in its entirety and is replaced with:

- (a) cause the Assets to be maintained in a proper and prudent manner in accordance with generally accepted industry practices;

(i) Section 6.1(a) is deleted in its entirety and is replaced with:

- (a) [Intentionally Deleted];

2. The Parties hereby express acknowledge and agree that all of the conditions contained in the APA have been satisfied or waived other than the requirement to obtain Court Approval.
3. Unless otherwise defined in this Amending Agreement, all capitalized words used in this Amending Agreement have the meanings ascribed thereto in the APA. All section references used in this Agreement shall be to sections in the APA unless otherwise indicated.
4. This Amending Agreement may be executed and delivered by the Parties in one or more counterparts, each of which will be an original, and each of which may be delivered by facsimile, e mail or other functionally equivalent electronic means of transmission, and those counterparts will together constitute one and the same instrument.
5. Except as amended by this Amending Agreement, all of the provisions of the APA are hereby ratified and confirmed by the respective parties thereto and hereto.

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

MANITOK ENERGY INC.

Per: 

Name: Gregory A. Vavra
Title: Executive VP, Business Development

YANGARRA RESOURCES LTD.

Per: 

Name: Randall Faminow
Title: Vice President, Land

GENERAL CONVEYANCE

Attached to and made part of that Asset Purchase Agreement dated effective October 1, 2017.

GENERAL CONVEYANCE

This General Conveyance made this 16th day of February, 2018.

BETWEEN:

MANITOK ENERGY INC., a body corporate, having an office in the
City of Calgary in the Province of Alberta (the "Vendor")
- and -

YANGARRA RESOURCES LTD., a body corporate, having an office in the City
of Calgary in the Province of Alberta (the "Purchaser")

RF

WHEREAS Vendor and Purchaser entered into that Asset Purchase Agreement dated ~~January 26, 2018~~ (the "Agreement");

made effective October

1, 2017 RF (KAP)

AND WHEREAS Vendor has agreed to sell and convey Vendor's entire right, title, estate and interest in the Assets to Purchaser and Purchaser has agreed to purchase and accept all of Vendor's rights, title, estate and interest in and to the Assets in accordance with the terms and conditions contained in the Agreement;

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

1. Definitions

All capitalized terms not defined herein shall have the same meaning as set out in the Agreement.

2. Closing

Vendor and Purchaser each hereby certify that it has performed and satisfied all agreements and obligations that it was required to perform or satisfy pursuant to the Agreement on or prior to the date hereof, that the representations and warranties made by it as contained in the Agreement are true in all material respects at and as of the Effective Time and the Closing Date, that all closing conditions in its favour have either been satisfied or are hereby waived, and Closing is hereby completed.

3. "As is, Where is" Basis

The Assets are being purchased by Purchaser on an "as is, where is" and "without recourse" basis and without representation or warranty of any nature, kind or description by Vendor or its directors, officers, employees, agents or counsel other than provided for in the Agreement. Without limiting the generality of the foregoing, Vendor makes no representation or warranty with respect to (a) the value of the Assets, (b) the quality or condition of the Assets or (c) Vendor's compliance with any Applicable Laws pertaining to the Assets. The covenants, representations and warranties contained in the Agreement

are incorporated herein as fully and effectively as if they were set out herein and there shall not be any merger of any covenant, representation or warranty contained in the Agreement by virtue of the execution and delivery hereof, any rule of law, equity or statute to the contrary notwithstanding.

4. Conveyance

Vendor, for the consideration provided for in the Agreement, the receipt and sufficiency of which is acknowledged by Vendor, hereby sells, assigns, transfers and conveys the entire right, title, benefit and interest of Vendor (whether absolute or contingent, legal or beneficial) in and to the Assets to Purchaser, its successors and assigns, and Purchaser purchases and accepts such interests from Vendor, TO HAVE AND TO HOLD the same absolutely, subject to the terms of the Agreement, the Permitted Encumbrances and compliance with the terms of the Leases and all other Title and Operating Documents.

5. Effective Time

This General Conveyance and the transfer of title to and possession of Vendor's interest in and to the Assets will, subject to the terms of the Agreement, be effective as of the Closing Date.

6. Subordinate Document

This General Conveyance is executed and delivered by the Parties pursuant to the Agreement for the purposes of the provisions of the Agreement, and the terms hereof shall be read on conjunction with the terms of the Agreement. If there is a conflict between the provisions of the Agreement and this General Conveyance, the provisions of the Agreement shall prevail to the extent of the conflict.

7. Enurement

This General Conveyance enures to the benefit of and is binding upon the Parties and their respective administrators, trustees, receivers, successors and permitted assigns.

8. Further Assurances

Each Party shall, after the date of this General Conveyance, at the request of the other Party and without further consideration, do all further acts and execute and deliver all further documents which are reasonably required to perform and carry out the terms of this General Conveyance.

9. Governing Law

This General Conveyance will be governed by and construed in accordance with the laws of the Province of Alberta.

IN WITNESS WHEREOF the Parties have duly executed this General Conveyance.

MANITOK ENERGY INC.

YANGARRA RESOURCES LTD.

Per: 

Name: Gregory A. Vavra
Title: EVP, Business Development

Per: 

Name: Randall J. Faminow
Title: VP, Land

CLOSING AGENDA

ASSET PURCHASE AGREEMENT EFFECTIVE OCTOBER 1, 2017 BETWEEN MANITOK ENERGY INC. YANGARRA RESOURCES LTD.

Closing Date/Time: Friday, February 16, 2018 between 1:00 p.m. (Calgary Time)

Location: Offices of Vendor
700, 444 - 7th Avenue S.W.
Calgary, Alberta T2P 0X8

Vendor: Manitok Energy Inc. ("Vendor")
Represented by: Gregory A. Vavra

Vendor's Counsel: Gowling WLG (Canada) LLP
Lorne Rollheiser
Frank Sur

Purchaser: Yangarra Resources Ltd. ("Purchaser")
Represented by: Randall J. Faminow

DEFINITIONS

Capitalized terms and expressions used but not defined in this Closing Agenda have the meanings assigned to them in the Asset Purchase Agreement dated effective as of October 1, 2017 between the Vendor and Purchaser (the "Sale Agreement").

"Parties" means Purchaser and or Vendor as the case may be.

CONDITIONS OF CLOSING

1. All transactions and all items under the heading "Pre-Closing Matters" shall have been completed or delivered, as the case may be, before commencement of the closing.
2. All items under the heading "Closing Matters" (other than items to be delivered by (i) a Party to itself, (ii) counsel for a Party to such Party, or (iii) a Party to its counsel) shall be on the table before commencement of this closing.
3. All transactions at the closing shall be deemed to be completed simultaneously, at the time when the Parties agree that closing has occurred. At such time, all items under the heading "Closing Matters" shall be deemed to have been delivered.
4. Items tabled are held by the respective Parties and/or counsel tabling them until closing has occurred.
5. Each tabling Party or counsel shall be entitled to one original copy and each Party or counsel to whom delivery is to be made (if not also a tabling Party or counsel) shall be entitled to any remaining original copies. If there is only one original copy to be tabled, the Party or counsel to whom delivery is to be made shall be entitled to it.
6. This Closing Agenda is subject to the Sale Agreement. Any conflicts between this Closing Agenda and the Sale Agreement shall be resolved by reference to the Sale Agreement.
7. If the Parties do not in fact meet to close the transaction that is the subject of this Closing Agenda (for example, if closing occurs by an exchange of closing items by mail or courier, or by counsel for a Party collecting and then distributing closing items), this Closing Agenda shall be subject to the

A. PRE-CLOSING MATTERS

| Item | Description | Prepared By | Copies | Vendor | Purchaser | Third Parties |
|------|--|-------------------|--------|--------|-----------|---------------|
| 1 | Letter of Intent dated December 22, 2017 | Vendor/ Purchaser | 2 | 1 | 1 | 0 |
| 2 | Asset Purchase Agreement effective October 1, 2017 | Vendor | 2 | 1 | 1 | 0 |
| 3 | Interim statement of adjustments | Vendor/ Purchaser | 2 | 1 | 1 | 0 |

B. CLOSING MATTERS

| Item | Description | Prepared By | Copies | Vendor | Purchaser | Third Parties |
|------|---|-------------|--------|--------|-----------|---------------|
| 1 | General Conveyance duly executed in the form attached as Schedule "B" to the Asset Purchase Agreement in accordance with Sections 7.1(c) and 7.2(b) | Vendor | 2 | 1 | 1 | 0 |
| 2 | Consents of Third Parties contemplated by Section 4.6, if any | N/A | 0 | 0 | 0 | 0 |
| 3 | No Interest Letter, if any | N/A | 0 | 0 | 0 | 0 |
| 4 | Draft payment in the amount of \$2,027,470.57 delivered pursuant to Escrow Agreement dated February 9, 2018 | Purchaser | | 1 | 1 | 0 |
| 5 | Receipt for payment of Purchase Price in accordance with Section 7.1(b) | Vendor | 2 | 1 | 1 | 0 |
| 6 | Certified copy of the Court Approval in accordance with Section 7.1(a) | Vendor | 2 | 1 | 1 | 0 |
| 7 | Purchaser's Officer's Certificate in the form attached to the Asset Purchase Agreement as Schedule "C1" | Vendor | 2 | 1 | 1 | 0 |
| 8 | Vendor's Officer's Certificate substantially in the form attached to the Asset Purchase Agreement as Schedule "C2" | Vendor | 2 | 1 | 1 | 0 |

I) CONVEYANCE DOCUMENTS

| Item | File No. | Description | Prepared By | Copies | Vendor | Purchaser | Third Parties |
|---|----------|--------------------------|-------------|--------|--------|-----------|---------------|
| CONVEYANCE DOCUMENTS DULY EXECUTED, IN ACCORDANCE WITH SECTION 7.5(A) | | | | | | | |
| | | NOA & Related NOA Letter | | | | | |

| | | | | | | | |
|----|---------|---|--------|---|---|---|---|
| 4 | C00955 | NOA & Related NOA Letter to Development Letter Agreement dated May 11, 2010 | Vendor | 5 | 1 | 2 | 2 |
| 5 | C00956 | NOA & Related NOA Letter to a Joint Operating Agreement dated October 1, 2010 | Vendor | 4 | 1 | 2 | 2 |
| 6 | C00957 | NOA & Related NOA Letter to Farmout and Option Agreement dated September 8, 2010 | Vendor | 6 | 1 | 2 | 3 |
| 7 | C00960 | NOA & Related NOA Letter to Joint Operating Agreement dated February 22, 2011 | Vendor | 4 | 1 | 2 | 1 |
| 8 | C00961 | NOA & Related NOA Letter to Participation Agreement dated December 13, 2010 | Vendor | 4 | 1 | 2 | 1 |
| 9 | C00964 | NOA & Related NOA Letter to Overriding Royalty Agreement dated October 21, 2010 | Vendor | 4 | 1 | 2 | 1 |
| 10 | C00966 | NOA & Related NOA Letter to Joint Operating Agreement dated November 3, 2005 | Vendor | 6 | 1 | 2 | 3 |
| 11 | C00967 | NOA & Related NOA Letter to Farmout, Well Re-Entry and Option Agreement dated March 18, 2004 | Vendor | 6 | 1 | 2 | 3 |
| 12 | C00968 | NOA & Related NOA Letter to Participation Agreement dated March 14, 2005 | Vendor | 7 | 1 | 2 | 4 |
| 13 | C00978 | NOA & Related NOA Letter to Amending and Working Interest Clarification Agreement dated January 1, 2012 | Vendor | 6 | 1 | 2 | 3 |
| 14 | C01157B | NOA & Related NOA Letter to Royalty Agreement dated May 19, 2017 | Vendor | 4 | 1 | 2 | 1 |

II) GENERAL CONTRACTS

| Item | Description | Prepared By | Copies | Vendor | Purchaser | Third Parties | Item |
|--|-------------|--|--------|--------|-----------|---------------|------|
| ALL AVAILABLE TITLE AND OPERATING DOCUMENTS IN ACCORDANCE WITH SECTION 7.5(A) | | | | | | | |
| 1 | C00952 | Change of Operator Letter to Farmout and Option Agreement dated May 13, 2010 | Vendor | 6 | 1 | 2 | 3 |
| 2 | C00953 | Change of Operator Letter to Participation and Joint Operating Agreement dated July 22, 2010 | Vendor | 5 | 1 | 2 | 2 |
| 3 | C00956 | Change of Operator Letter to a Joint Operating Agreement dated July 3, 1952 | Vendor | 4 | 1 | 2 | 2 |
| 4 | C00957 | Change of Operator Letter to Farmout and Option Agreement dated September 8, 2010 | Vendor | 6 | 1 | 2 | 3 |
| 5 | C00966 | Change of Operator Letter to Joint Operating Agreement dated November 3, 2005 | Vendor | 6 | 1 | 2 | 3 |
| 6 | C00977 | Change of Operator Letter to Amending and Working Interest Clarification Agreement dated January 1, 2012 | Vendor | 6 | 1 | 2 | 3 |
| 7 | C01157B | Change of Operator Letter to Royalty Agreement dated May 19, 2017 | Vendor | 4 | 1 | 2 | 1 |

III) FACILITY ASSIGNMENT

| GENERAL DOCUMENTS - Facility/Assignment | | | | | | |
|---|--|-------------|--------|--------|-----------|---------------|
| Item | Description | Prepared By | Copies | Vendor | Purchaser | Third Parties |
| 1. | FA0050 - Ferrier 9-15-38-7-W5M Compressor Facility | Vendor | 4 | 1 | 2 | 1 |
| 2. | SA00262 - Ferrier - Contract Well/Facilities Operating Agreement dated November 1, 2010 | Vendor | 4 | 1 | 2 | 1 |
| 3. | SA00263 - Ferrier Contract Wells/Facilities Operating Agreement dated March 1, 2012 | Vendor | 4 | 1 | 2 | 1 |
| 4. | SA00266 - Ferrier - Cow Lake Contract Wells/Facilities Operating Agreement dated February 1, 2009 | Vendor | 4 | 1 | 2 | 1 |
| 5. | SA00267 - Ferrier - well Administration Agreement dated August 1, 2011 | Vendor | 4 | 1 | 2 | 1 |
| 6. | SA00270 - Cow Lake 3-16-38-7-W5 Compression Facility and GGS - Tie-In Agreement dated February 1, 2009 | Vendor | 4 | 1 | 2 | 1 |
| 7. | SA00278 - Cow Lake 3-16-38-7-W5M Compr FAC & GGS - Gas Handling Agreement dated February 1, 2009 | Vendor | 4 | 1 | 2 | 1 |
| 8. | SA00281 - Ferrier - Gas Handling Agreement dated March 1, 2012 | | 4 | 1 | 2 | 1 |
| 9. | SA00284 - Strachan 11-35-37-9-W5M - Gas Handling Agreement dated October 1, 2014 | Vendor | 4 | 1 | 2 | 1 |
| 10. | SA00287 - Willesden Green - Gas Handling Agreement dated May 1, 2012 | Vendor | 4 | 1 | 2 | 1 |
| 11. | SA00288 - Strachan - Gas Handling Agreement dated April 1, 2013 | Vendor | 4 | 1 | 2 | 1 |
| 12. | SA00292 - Ferrier GGS - Gas Transportation Agreement dated January 15, 2010 | Vendor | 4 | 1 | 2 | 1 |
| 13. | SA00328 - Ferrier Effluent GS Handling Agreement dated August 1, 2011 | Vendor | 4 | 1 | 2 | 1 |
| 14. | SA00329 - Ferrier Well Effluent Processing and Water Disposal Agreement dated October 26, 2010 | | 4 | 1 | 2 | 1 |

V) GENERAL DOCUMENTS - SURFACE

| GENERAL DOCUMENTS - Surface/Assignments | | | | | | | |
|---|--|------------------|-------------|--------|--------|-----------|---------------|
| Our File | Description | Location | Prepared by | Copies | Vendor | Purchaser | Third Parties |
| C01010 | A&N to a Shared Surface Lease Agreement dated February 8, 2012 made between Canadian Natural Resources Limited and Manito Energy Inc. Riser Site | 038-07 W5M: SW10 | Vendor | 5 | 2 | 2 | 1 |
| E00307 | Right-of-Way dated February 5, 2009 between Roy and Leah Krabben and Tournament Exploration Ltd. Pipeline Right of Way | 038-07 W5M: SE15 | Vendor | 4 | 2 | 2 | 0 |
| E00307-001 | Right-of-Way dated February 13, 2009 between Dean Schultz and Tournament Exploration Ltd. Pipeline Right of Way | 038-07 W5M: NE9 | Vendor | 4 | 2 | 2 | 0 |
| E00307-002 | Right-of-Way dated February 5, 2009 between Leonard Dunbar and Deborah Kudelik-Dunbar and Tournament Exploration Ltd. Pipeline Right of Way | 038-07 W5M: NW10 | Vendor | 4 | 2 | 2 | 0 |
| E00307-004 | Right-of-Way dated January 20, 2009 between Ironside Consulting and Tournament Exploration Ltd. Pipeline Right of Way | 038-07 W5M: SW15 | Vendor | 4 | 2 | 2 | 0 |
| E00307-005 | Right-of-Way dated January 20, 2009 between Garth and Marla Titford and Tournament Exploration Ltd. Pipeline Right of Way | 038-07 W5M: NW14 | Vendor | 4 | 2 | 2 | 0 |
| E00307-006 | Right-of-Way dated January 20, 2009 between Arthur and Donna Nichols and Tournament Exploration Ltd. Pipeline Right of Way | 038-07 W5M: SW23 | Vendor | 4 | 2 | 2 | 0 |
| E00308 | Right-of-Way dated June 17, 2009 between Arthur and Donna Nichols and Tournament Exploration Ltd. Pipeline Right of Way | 038-07 W5M: SW23 | Vendor | 4 | 2 | 2 | 0 |
| E00310 | Right-of-Way dated August 16, 2010 between Brian Burrington and Tournament Exploration Ltd. Pipeline Right of Way | 038-07 W5M: SE9 | Vendor | 4 | 2 | 2 | 0 |
| E00310-001 | Right-of-Way dated September 20, 2010 between Sandra Luckfassel and Tournament Exploration Ltd. Pipeline Right of Way | 038-07 W5M: SW10 | Vendor | 4 | 2 | 2 | 0 |
| E00313 | Right-of-Way dated January 13, 2010 between Garth and Marla Titford and Tournament Exploration Ltd. Pipeline Right of Way | 038-07 W5M: NW14 | Vendor | 4 | 2 | 2 | 0 |

SA-1321 - Setup in Manito for Rites but doesn't exist

Right-of-Way dated March 15

| | | | | | | | |
|------------|---|--------------------|--------|--------------|---|---|---|
| S00707 | Letter Agreement dated September 1, 2010 between Thomas and Lorena Tisdale and Tournament Exploration Ltd. Access Road | 038-07 W5M: NE4 | Vendor | 4 | 2 | 2 | 0 |
| S01064 | Freehold Surface Lease dated October 4, 2010 between Edna and Donald Ross and Tournament Exploration Ltd. Wellsite and Access Road | 037-07 W5M: SW31 | Vendor | 4 | 2 | 2 | 0 |
| S01237 | Freehold Surface Lease dated September 17, 2008 between Arthur and Donna Nichols and Tournament Exploration Ltd. Wellsite and Access Road | 038-07 W5M: SW23 | Vendor | 4 | 2 | 2 | 0 |
| S01239 | Freehold Surface Lease dated June 17, 2009 between Arthur and Donna Nichols and Tournament Exploration Ltd. Wellsite and Access Road | 038-07 W5M: SW23 | Vendor | 4 | 2 | 2 | 0 |
| S01260 | Freehold Surface Lease dated January 29, 2001 between Gordon and Darlene Ironside and Maxx Petroleum Ltd. | 038-07 W5M: S16 | Vendor | 4 | 2 | 2 | 0 |
| S01312 | Freehold Surface Lease dated June 30, 2010 between Brian Burrington and Tournament Exploration Ltd. Wellsite and Access Road | 038-07 W5M: SE9 | Vendor | 4 | 2 | 2 | 0 |
| S01314 | Freehold Surface Lease dated September 20, 2010 between Sandra Sehn and Tournament Exploration Ltd. Wellsite and Access Road | 038-07 W5M: SW3 | Vendor | 4 | 2 | 2 | 0 |
| S01315 | Freehold Surface Lease dated January 20, 2011 between Sandy Qually and Tournament Exploration Ltd. Wellsite and Access Road | 041-07 W5M: NE11 | Vendor | 4 | 2 | 2 | 0 |
| E00307-003 | Crown Disposition PLA 090300 Pipeline Right of Way | 038-07 W5M: E15 | Vendor | 3-ETS | 1 | 1 | 0 |
| S01255 | Crown Disposition PIL 100033 Compressor Site | 038-07 W5M: NE15 | Vendor | 3-ETS | 1 | 1 | 0 |
| S01257 | Consent of Occupant to PIL 100033 | 038-07 W5M: NE15 | N/A | Not Required | 0 | 0 | 0 |
| S01064 | 102359856 | Transfer of Caveat | Vendor | 5 | 2 | 2 | 1 |
| S01237 | 082431049 092031209 102232264 | Transfer of Caveat | Vendor | 5 | 2 | 2 | 1 |
| S01239 | 092211180 | Transfer of Caveat | Vendor | 5 | 2 | 2 | 1 |
| S01260 | 012045353 | Transfer of Caveat | Vendor | 5 | 2 | 2 | 1 |
| S01314 | 102387257 | Transfer of Caveat | Vendor | 5 | 2 | 2 | 1 |
| S01315 | 112025141 | Transfer of Caveat | Vendor | 5 | 2 | 2 | 1 |
| E00307 | 092056138 | Transfer of Caveat | Vendor | 5 | 2 | 2 | 1 |
| E00307-001 | 092056141 | Transfer of Caveat | Vendor | 5 | 2 | 2 | 1 |
| E00307-002 | 092056140 | Transfer of Caveat | Vendor | 5 | 2 | 2 | 1 |
| E00307-004 | 092056139 | Transfer of Caveat | Vendor | 5 | 2 | 2 | 1 |
| E00307-005 | 092056137 | Transfer of Caveat | Vendor | 5 | 2 | 2 | 1 |
| S01312 | 102265736 | Transfer of Caveat | Vendor | 5 | 2 | 2 | 1 |
| E00307-006 | 092056136 | Transfer of Caveat | Vendor | 5 | 2 | 2 | 1 |

C. POST-CLOSING MATTERS

| POST-CLOSING DOCUMENTS | | |
|-------------------------------|--|-----------------------|
| Item | Action | Responsibility |
| 1. | Delivery of physical files – contracts/minerals/JV/wells, pursuant to Section 7.4 | Vendor |
| 2. | Circulate Notice of Assignment & Consents to Third Parties pursuant to Section 7.5(a) | Vendor |
| 3. | Circulate Change of Ops Notices to Third Parties pursuant to Section 7.5(a) | Vendor |
| 4. | Circulate Surface Assignment documents to Third Parties pursuant to Section 7.5(a) | Vendor |
| 5. | Circulate JV Assignments & Consent Letters pursuant to Section 7.5(a) | Vendor |
| 6. | Submit ETS | Vendor |
| 7. | Submit DDS | Vendor |
| 8. | Effective October 1, 2017 Purchaser is responsible for all Rentals (Mineral and Surface). | Purchaser |
| 9. | Registration by the Purchaser of all registrable transfers and conveyances of its interests in the Assets pursuant to Section 7.5(c) | Purchaser |
| 10. | Delivery of Final Statement of Adjustments within 60 days following the Closing Date, pursuant to Section 2.8 | Vendor |

Manitok Energy Inc.

INTERIM STATEMENT OF ADJUSTMENTS

(See Note Below)

Vendor: **Manitok Energy Inc.**
444 - 7th Ave SW
Calgary, Alberta T2P 0X8

Purchaser: **Yangarra Resources Corp.**

Property: Ferrier area assets as described in the Asset Sale Agreement dated January 26, 2018
(Yangarra APA was dated effective as of October 1, 2017)

Effective Date: October 1, 2017

Closing Date: January 31, 2018 **(actual closing date was February 16, 2018)**

**CDN\$ Unless
Indicated**

Purchase Price:

| | | |
|-----------------------|----|---------------------|
| Agreed Monetary Value | \$ | 2,082,500.00 |
|-----------------------|----|---------------------|

| | | |
|--------------------|-----|---------------------|
| Value ascribed to: | | |
| Intangibles | 80% | 1,666,000.00 |
| Tangibles | 20% | 416,490.00 |
| Miscellaneous | | 10.00 |
| | | 2,082,500.00 |

GST on Tangibles **20,825.00**

| | |
|--|-------------------------------|
| Estimated Closing adjustments: | October & November |
| October 1 to December 31 2017 Net Operating Income | (244,272.87) |
| October 1 to December 31 2017 Net Royalties | 32,200.88 |
| October 1 to December 31 2017 Net Operating Expenses | 105,759.34 |
| Pro-rated lease rentals - Mineral | 3,074.64 |
| Pro-rated lease rentals - Surface (Paid) | 17,045.61 |
| Pro-rated property taxes | 10,337.97 |
| Pro-rated AER admin fees | - |

| | |
|---|---------------------|
| Total amount due to Manitok Energy Inc | 2,027,470.57 |
|---|---------------------|

NOTE: This ISOA was located by the Receiver in the records of Manitok. The Receiver was advised by former employees of Manitok that this was the ISOA utilized to close the Ferrier Transaction.