

AGENCY AGREEMENT

Effective as of October 21, 2016

BNK Petroleum Inc.
760 Paseo Camarillo, Suite 350
Camarillo, CA 93010

Attention: Mr. Wolf E. Regener
President, Chief Executive Officer and a Director

Dear Sir:

Re: Issue of Common Shares

GMP FirstEnergy and Haywood Securities Inc. (the "**Co-Lead Agents**" and each a "**Co-Lead Agent**") and Macquarie Capital Markets Canada Ltd. (collectively with the Co-Lead Agents, the "**Agents**" and individually, an "**Agent**") understand that BNK Petroleum Inc. (the "**Corporation**") proposes to issue and sell an aggregate of 70,000,000 common shares in the capital of the Corporation (the "**Offered Shares**") at a price of \$0.20 per Offered Share (the "**Offering**").

Upon and subject to the terms and conditions hereof, the Corporation hereby appoints, severally, and not jointly and not jointly and severally, the Agents and the Agents hereby agree to act, as exclusive agents to the Corporation to effect the sale of the Offered Shares on a "commercially reasonable efforts" basis, without underwriter liability. The parties agree that upon such appointment, the Agents shall act as agents only and shall not at any time or in any circumstance be obligated to purchase or arrange for the purchase of any of the Offered Shares.

The Agents shall be entitled in connection with the offering and sale of the Offered Shares to retain as subagents other registered securities dealers. The fees payable to such sub-agents shall be for the account of the Agents.

The Agents, in accordance with Schedule "A", may arrange for purchasers in the United States that are Accredited Investors (as defined in Schedule "A") to purchase Offered Shares directly from the Corporation, and may otherwise offer and resell the Offered Shares in the United States to Qualified Institutional Buyers (as defined in Schedule "A"), each in the manner described in Schedule "A". The Corporation and the Agents agree that (a) the Agents, through one or more of their U.S. Placement Agents (as such term is defined in Schedule "A"), may (i) offer and resell the Offered Shares in the United States to Qualified Institutional Buyers, and (ii) offer the Offered Shares for sale directly by the Corporation in the United States to Accredited Investors, in each case in accordance with Schedule "A". For certainty, (i) all sales of Offered Shares made pursuant to Section 4(a)(2) of the U.S. Securities Act and Rule 506(b) of Regulation D thereunder shall be made directly by the Corporation to Accredited Investors, and (ii) all sales of Offered Shares made pursuant to Rule 144A under the U.S. Securities Act shall be made by an Agent, acting through a U.S. Placement Agent, acting as principal. The Corporation and the Agents hereby acknowledge that the Offered Shares have not been and will not be registered under the U.S. Securities Act or any U.S. state securities or "blue sky" laws, and may not be offered or sold (i) in the United States, except in accordance with the foregoing exemptions under the U.S. Securities Act and all applicable U.S. state securities laws, and (ii) outside the United States, except in accordance with Rule 903 of Regulation S.

In consideration for their services hereunder, the Agents shall be entitled to the fee provided for in Section 2.

The following are the terms and conditions of this Agreement:

1. Definitions

In this Agreement:

- (a) "**Agents' counsel**" means Dentons Canada LLP or such other legal counsel as the Agents may appoint;
- (b) "**Agreement**" means this agreement as amended from time to time and not any particular article or section or other portion except as may be specified, and words such as "**hereof**", "**hereto**", "**herein**" and "**hereby**" refer to this Agreement as the context requires;
- (c) "**AIF**" means the annual information form of the Corporation dated March 29, 2016 in respect of the year ended December 31, 2015;
- (d) "**Applicable Securities Laws**" means, collectively, the Canadian Securities Laws and the U.S. Securities Laws;
- (e) "**BCA**" means the *Business Corporations Act* (British Columbia), SBC 2002, c. 57, including the regulations promulgated thereunder;
- (f) "**BCSC**" means the British Columbia Securities Commission;
- (g) "**Business Day**" means a day, other than a Saturday, a Sunday or a day on which chartered banks are not open for business in Calgary, Alberta or Vancouver, British Columbia;
- (h) "**Canadian Securities Laws**" has the meaning ascribed thereto in subsection 1(ggg) hereof;
- (i) "**Closing Date**" means October 28, 2016 or such other date or dates not later than 90 days from the date of the Final Passport System Decision Document as the Agents and the Corporation may agree;
- (j) "**Closing Time**" means 6:00 a.m. (Calgary time) / 5:00 a.m. (Vancouver time) or such other time, on the Closing Date, as the Agents and the Corporation may agree;
- (k) "**Common Shares**" means the common shares in the capital of the Corporation and, where appropriate in the context, includes the Offered Shares;
- (l) "**Corporation**" or "**BNK**" means BNK Petroleum Inc., a corporation duly existing pursuant to the BCA;

- (m) "**Corporation's Auditors**" means KPMG LLP, Chartered Professional Accountants, Calgary, Alberta or such other firm of chartered accountants as the Corporation may have appointed as auditors of the Corporation, including prior auditors of the Corporation;
- (n) "**Corporation's counsel**" means DuMoulin Black LLP or such other legal counsel as the Corporation, with the consent of the Agents, may appoint;
- (o) "**CSA**" means the Canadian Securities Administrators;
- (p) "**distribution**" means "**distribution**" or "**distribution to the public**", as the case may be, as defined under the Canadian Securities Laws and "**distribute**" has a corresponding meaning;
- (q) "**Documents**" means all financial statements, management information circulars, annual information forms, material change reports, Form 51-101F1, Marketing Documents, business acquisition reports or other documents of the Corporation, whether before or after the date of this Agreement, that are required by Canadian Securities Laws to be incorporated by reference into the Prospectus;
- (r) "**Due Diligence Session**" shall have the meaning set forth in subsection 3(d) hereof;
- (s) "**European Subsidiaries**" has the meaning ascribed thereto in subsection 7(b)(ii)4(e) hereof;
- (t) "**Exchange**" means the Toronto Stock Exchange;
- (u) "**Final Passport System Decision Document**" means a receipt for the Prospectus issued in accordance with the Passport System;
- (v) "**Financial Statements**" means the financial statements contained in, or incorporated by reference into, the Prospectuses, including the notes to such statements and any related auditors' report on such statements;
- (w) "**FSMA**" means the United Kingdom Financial Services and Markets Act 2000 (as amended from time to time);
- (x) "**GAAP**" means generally accepted accounting principles in effect from time to time in Canada, including those principles set forth in the Handbook published by the Canadian Institute of Chartered Accountants or any successor institute, consistently applied;
- (y) "**Governmental Authority**" means, without limitation, any national, federal government, province, state, municipality or other political subdivision of any of the foregoing, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing;
- (z) "**Marketing Documents**" means collectively all: (i) standard terms sheets; and (ii) marketing materials (including any template version, revised template version or limited use version thereof) provided to a potential investor in connection with the Offering;

- (aa) "**marketing materials**" has the meaning ascribed to such term in NI 41-101;
- (bb) "**Material Adverse Effect**" means any material adverse change in or effect on the business, assets or properties, affairs, liabilities (contingent or otherwise), results of operations, capital or condition (financial or otherwise) of the Corporation and the Subsidiaries, taken as a whole;
- (cc) "**material change**", "**material fact**" and "**misrepresentation**" shall have the meanings ascribed thereto under the Canadian Securities Laws;
- (dd) "**MI 11-102**" means Multilateral Instrument 11-102 - *Passport System*, as amended or replaced;
- (ee) "**NI 41-101**" means National Instrument 41-101 – *General Prospectus Requirements* of the CSA, as amended or replaced;
- (ff) "**NI 44-101**" means National Instrument 44-101 - *Short Form Prospectus Distributions* of the CSA, as amended or replaced;
- (gg) "**NI 51-101**" means National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* of the CSA, as amended or replaced;
- (hh) "**NI 51-102**" means National Instrument 51-102 - *Continuous Disclosure Obligations* of the CSA, as amended or replaced;
- (ii) "**North American Subsidiaries**" has the meaning ascribed thereto in subsection 7(b)(ii)4(e) hereof;
- (jj) "**NP 11-202**" means National Policy 11-202 - *Process for Prospectus Reviews in Multiple Jurisdictions* of the CSA, as amended or replaced;
- (kk) "**NSAI**" means Netherland, Sewell & Associates, Inc.;
- (ll) "**NSAI Report**" means the independent engineering evaluation of the crude oil, natural gas liquids and natural gas reserves of the Corporation and its Subsidiaries prepared by NSAI dated March 10, 2016 and effective December 31, 2015;
- (mm) "**Passport System**" means the system for review and procedures for the filing of prospectuses and related materials in one or more Canadian jurisdictions pursuant to MI 11-102 and NP 11-202;
- (nn) "**Preliminary Passport System Decision Document**" means a receipt for the Preliminary Prospectus issued in accordance with the Passport System;
- (oo) "**Preliminary Prospectus**" means the preliminary short form prospectus of the Corporation dated October 13, 2016 and any amendments thereto, in respect of the distribution of the Offered Shares, including the Documents;
- (pp) "**Preliminary U.S. Placement Memorandum**" means the preliminary U.S. Placement Memorandum, including the Preliminary Prospectus, prepared for the offering of the

Offered Shares in the United States, in the form agreed to by the Corporation and the Agents;

- (qq) "**President's List**" means the list in writing setting forth the President's List Subscribers and the number of President's List Shares to be purchased by each President's List Subscriber;
- (rr) "**President's List Shares**" means the up to an aggregate of 20,000,000 Offered Shares, as set forth in the President's List;
- (ss) "**President's List Subscribers**" means those persons who will be purchasers of President's List Shares, such person having been previously identified by the Corporation to GMP FirstEnergy;
- (tt) "**provide**", in the context of sending or making available Marketing Documents to a potential investor in Offered Shares, has the meaning ascribed thereto under Applicable Securities Laws, whether in the context of a "road show" (as defined in NI 44-101) or otherwise;
- (uu) "**Prospectus**" means the (final) short form prospectus of the Corporation and any amendments thereto, in respect of the distribution of the Offered Shares, including the Documents;
- (vv) "**Prospectuses**" means, collectively, the Preliminary Prospectus and the Prospectus;
- (ww) "**Public Record**" means all information filed by or on behalf of the Corporation with the Securities Commissions since December 31, 2012, including without limitation, the Documents, the Prospectuses, any Supplementary Material and any other information filed with any Securities Commission in compliance, or intended compliance, with Canadian Securities Laws, and which is available to the public for review on SEDAR;
- (xx) "**Qualifying Provinces**" means British Columbia, Alberta, Manitoba and Ontario;
- (yy) "**Regulation D**" means Regulation D adopted by the SEC under the U.S. Securities Act;
- (zz) "**Regulation S**" means Regulation S adopted by the SEC under the U.S. Securities Act;
- (aaa) "**Responses**" means the written and verbal responses delivered on behalf of the Corporation by the officers of the Corporation at the Due Diligence Session, together with all materials provided to the Agents in connection with the Due Diligence Session;
- (bbb) "**RSU Plan**" means the Corporation's restricted share unit plan;
- (ccc) "**Rule 144A**" means Rule 144A adopted by the SEC under the U.S. Securities Act;
- (ddd) "**SEC**" means the United States Securities and Exchange Commission;
- (eee) "**SEDAR**" means the System for Electronic Document Analysis and Retrieval, available at www.sedar.com;

- (fff) "**Securities Commissions**" means the securities commissions or similar regulatory authorities in the Qualifying Provinces;
- (ggg) "**Securities Laws**" means, unless the context otherwise requires, all applicable securities laws in each of the Qualifying Provinces and the applicable securities laws of all other jurisdictions other than the Qualifying Provinces in which the Offered Shares are offered for sale, as applicable, and the respective regulations and rules made thereunder, together with applicable published fee schedules, prescribed forms, policy statements, national or multilateral instruments, orders, blanket rulings and other regulatory instruments of the securities regulatory authorities in such jurisdictions, and "**Canadian Securities Laws**" means the Securities Laws in each of the Qualifying Provinces;
- (hhh) "**Selling Dealer Group**" means the dealers and brokers other than the Agents who participate in the offer and sale of the Offered Shares pursuant to this Agreement;
- (iii) "**Standard Listing Conditions**" has the meaning ascribed thereto in subsection 4(e) hereof;
- (jjj) "**standard term sheet**" has the meaning ascribed to such term in NI 41-101;
- (kkk) "**Stock Option Plan**" means the Corporations' stock option plan;
- (lll) "**subsidiary**" has the meaning ascribed thereto in the BCA;
- (mmm) "**Subsidiaries**" means, collectively, the North American Subsidiaries and the European Subsidiaries;
- (nnn) "**Supplementary Material**" means, collectively, any amendment to the Preliminary Prospectus or Prospectus, any amended or supplemented Preliminary Prospectus or Prospectus or any ancillary material, information, evidence, return, report, application, statement or document which may be filed by or on behalf of the Corporation under the Canadian Securities Laws;
- (ooo) "**Risk Management Contracts**" means any transaction which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross- currency rate swap transaction, currency option, forward sale, exchange traded futures contract or any other similar transaction (including any option with respect to any of these transactions or any combination of these transactions);
- (ppp) "**Taxes**" or "**Tax**" means all taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any federal, territorial, state, local or foreign government or any agency or political subdivision of any such government, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes, state income taxes and provincial income taxes), payroll and withholding taxes, unemployment insurance, social insurance taxes, sales and use taxes, ad valorem taxes, excise taxes, goods and services taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes,

environmental taxes, transfer taxes, workers compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which the Corporation or any of its predecessors, is or was required to pay, withhold or collect;

- (qqq) **"UK Prospectus Rules"** means the rules, published by the United Kingdom Financial Conduct Authority implementing the Prospectus Directive (2003/71/EC) (as amended);
- (rrr) **"UK Securities Laws"** means, collectively, all applicable securities laws in the United Kingdom and the respective regulations and rules under such laws together with applicable published policy statements, notices and orders of the securities regulatory authorities in the United Kingdom and all discretionary decisions, orders or rulings, if any made by such securities regulatory authorities in connection with the transactions contemplated hereby, including, but not limited to, the UK Companies Act 2006, FSMA, the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, and the UK Prospectus Rules (all as amended from time to time);
- (sss) **"United Kingdom"** or **"UK"** means the United Kingdom of Great Britain and Northern Ireland;
- (ttt) **"United States"** or **"U.S."** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
- (uuu) **"U.S. Placement Memorandum"** means the U.S. private placement memorandum, including the Prospectus, prepared for the offering of the Offered Shares in the United States, in the form agreed to by the Corporation and the Agents;
- (vvv) **"U.S. Securities Act"** means the United States Securities Act of 1933, as amended; and
- (www) **"U.S. Securities Laws"** means the United States federal securities laws, including the U.S. Securities Act, and applicable state securities laws.

In addition, unless otherwise defined herein capitalized terms shall have the meanings ascribed thereto in the Prospectuses.

2. Agents' Fee

In consideration for their services hereunder, the Corporation agrees to pay to the Agents at the Closing Time, the following fee at the Closing Time (the **"Agents' Fee"**):

- (a) a fee equal to \$0.012 per Offered Share, other than President's List Shares, sold at such time; and
- (b) a fee equal to \$0.006 per President's List Share sold at such time,

being up to \$840,000.00 in the aggregate.

The Agents' Fee may, at the sole option of the Agents, be deducted from the aggregate gross proceeds of the sale of the Offered Shares and withheld for the account of the Agents. The Corporation also agrees to pay the Agents' expenses as set forth in Section 10 hereof.

For greater certainty, the services provided by the Agents in connection herewith will not be subject to Goods and Services Tax ("**GST**") provided for in the *Excise Tax Act* (Canada) and taxable supplies will be incidental to the exempt financial services provided. However, in the event that the Canada Revenue Agency determines that GST provided for in the *Excise Tax Act* (Canada) is exigible on the Agents' Fee, the Corporation agrees to pay the amount of GST forthwith upon the request of the Agents.

3. Qualification for Sale

- (a) The Corporation represents and warrants to the Agents that it is eligible to use the short form prospectus offering qualification system described in NI 44-101 for the distribution of the Offered Shares.
- (b) The Corporation shall elect and comply in all material respects with the Passport System and shall:
 - (i) not later than 8:00 p.m. (Vancouver time) on October 13, 2016, have:
 - A. prepared and filed the Preliminary Prospectus and other documents required under the Canadian Securities Laws with the Securities Commissions and designated the BCSC as the principal regulator under the Passport System; and
 - B. obtained from the BCSC a Preliminary Passport System Decision Document, evidencing that a receipt for the Preliminary Prospectus has been issued in British Columbia and Ontario and has been deemed to have been issued in each of the Qualifying Provinces other than British Columbia and Ontario;
 - (ii) forthwith after any comments with respect to the Preliminary Prospectus have been received from the Securities Commissions but not later than October 21, 2016 (or such later date as may be agreed to in writing by the Corporation and the Agents), have:
 - A. prepared and filed the Prospectus and other documents required under the Canadian Securities Laws with the Securities Commissions; and
 - B. have obtained from the BCSC a Final Passport System Decision Document, evidencing that a receipt for the Prospectus has been issued in British Columbia and Ontario and has been deemed to have been issued in each of the Qualifying Provinces other than British Columbia and Ontario or otherwise obtained a receipt for the Prospectus from each of the Securities Commissions; andotherwise fulfilled all legal requirements under the Canadian Securities Laws to enable the Offered Shares to be offered and sold to the public in each of the Qualifying Provinces through the Agents or any other investment dealer or broker registered in the applicable Qualifying Province; and
 - (iii) until the completion of the distribution of the Offered Shares in accordance with the terms hereof, use its reasonable commercial efforts to take such additional

steps and proceedings that from time to time may be required under the Canadian Securities Laws in each Qualifying Province to continue to qualify the Offered Shares for distribution or, in the event that the Offered Shares have, for any reason, ceased to so qualify, to again qualify the Offered Shares for distribution and, to the extent within the control of the Corporation, (i) to qualify the Offered Shares to be offered and sold, in accordance with Schedule "A" hereto, in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act; and (ii) to enable the Offered Shares to be qualified for sale pursuant to an appropriate exemption under UK Securities Laws, through the Agents or any other registrant who complies with the relevant provisions of UK Securities Laws.

- (c) Prior to the filing of the Prospectuses and, during the period of distribution of the Offered Shares, prior to the filing with any Securities Commissions of any Supplementary Material or any documents incorporated by reference therein or any news release after the date hereof, the Corporation shall have allowed the Agents and the Agents' counsel to participate fully in the preparation of, and to approve the form of, such documents (such approval not to be unreasonably withheld and to be provided in a timely manner in order to allow the Corporation to comply with Applicable Securities Laws) and to have reviewed any documents incorporated by reference therein.
- (d) During the period from the date hereof until completion of the distribution of the Offered Shares, the Corporation shall allow the Agents to conduct all due diligence which they may reasonably require in order to fulfill their obligations as agents and in order to enable the Agents responsibly to execute the certificates required to be executed by them in the Prospectuses or in any Supplementary Material. Without limiting the generality of the foregoing, the Corporation shall make available its directors, senior management and audit committee, and shall use its commercially reasonable efforts to cause the Corporation's Auditors (and any predecessor entity or business), independent engineers (including of any predecessor entity or business), legal counsel and other experts (if any) to be available, to answer any questions which the Agents may have and to participate in two or more due diligence sessions to be held prior to the Closing Time (collectively, the "**Due Diligence Session**"). The Agents shall distribute a list of written questions to be answered in advance of such Due Diligence Session and the Corporation shall provide written responses to such questions and shall use its commercially reasonable best efforts to have its auditors, independent engineers, legal counsel and other experts provide written responses to such questions at a reasonable time in advance of the Due Diligence Session.
- (e) During the distribution of the Offered Shares:
 - (i) the Corporation and GMP FirstEnergy shall approve in writing, prior to such time marketing materials are provided to potential investors, a template version of any marketing materials reasonably requested to be provided by the Agents to any such potential investor, such marketing materials to comply with Applicable Securities Laws. The Corporation shall file a template version of such marketing materials with the Securities Commissions as soon as reasonably practicable after such marketing materials are so approved in writing by the Corporation and GMP FirstEnergy, on behalf of the Agents, and in any event on or before the day

the marketing materials are first provided to any potential investor in Offered Shares, and such filing shall constitute the Agents' authority to use such Marketing Documents in connection with the Offering. Any comparables shall be redacted from the template version in accordance with NI 44-101 prior to filing such template version with the Securities Commissions and a complete template version containing such comparables and any disclosure relating to the comparables, if any, shall be delivered to the Securities Commissions by the Corporation. The Corporation shall prepare and file with the Securities Commissions a revised template version of any marketing materials provided to potential investors in Offered Shares where required under Applicable Securities Laws; and

(ii) the Corporation, and the Agents, on a several, and not joint and not joint and several, basis, covenant and agree:

A. not to provide any potential investor of Offered Shares with any marketing materials unless a template version of such marketing materials has been filed by the Corporation with the Securities Commissions on or before the day such marketing materials are first provided to any potential investor of Offered Shares;

B. not to provide any potential investor with any materials or information in relation to the distribution of the Offered Shares or the Corporation other than: (a) such marketing materials that have been approved and filed in accordance with this Section 3(e); (b) the Preliminary Prospectus and the Prospectus; and (c) any standard term sheets approved in writing by GMP FirstEnergy; and

C. that any marketing materials approved and filed in accordance with Section 3(e), and any standard term sheets approved in writing by GMP FirstEnergy shall only be provided to potential investors in the Qualifying Provinces and such other international jurisdictions as may be agreed to by the Corporation and GMP FirstEnergy.

(f) The Corporation shall take or cause to be taken all such other steps and proceedings, including fulfilling all legal, regulatory and other requirements, as required under the Applicable Securities Laws, to qualify the Offered Shares for distribution to the public in the Qualifying Provinces and, to the extent within the control of the Corporation, to qualify the Offered Shares to be offered and sold, in accordance with Schedule "A" hereto, in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act, and for sale internationally as permitted by applicable laws pursuant to appropriate exemptions, including the timely filing of all post-Closing notices and filings and payment of applicable fees required under Applicable Securities Laws.

4. Delivery of Prospectus and Related Documents

The Corporation shall deliver or cause to be delivered without charge to the Agents and the Agents' counsel the documents set out below at the respective times indicated:

- (a) prior to or contemporaneously, as nearly as practicable, with the filing with the Securities Commissions of each of the Preliminary Prospectus and the Prospectus:
 - (i) copies of the Preliminary Prospectus and the Prospectus signed as required by the Canadian Securities Laws;
 - (ii) copies of the Preliminary U.S. Placement Memorandum and the U.S. Placement Memorandum, respectively, if required by the Agents; and
 - (iii) copies of any documents incorporated by reference therein which have not previously been delivered to the Agents;
- (b) as soon as they are available, copies of any Supplementary Material, signed as required by the Canadian Securities Laws and including, in each case, copies of any documents incorporated by reference therein which have not been previously delivered to the Agents;
- (c) prior to the filing of the Prospectus with the Securities Commissions, a "comfort letter" from each of the Corporation's Auditors and any other auditors who have audited any of the financial statements included in or incorporated by reference in the Prospectus, dated the date of the Prospectus, addressed to the Agents and satisfactory in form and substance to the Agents and the Agents' counsel, acting reasonably, to the effect that they have carried out certain procedures performed for the purposes of comparing certain specified financial information appearing in the Prospectus and the documents incorporated therein by reference with indicated amounts in the financial statements or accounting records of the Corporation or other applicable entity or business and have found such information to be in agreement, which comfort letter shall be based on the applicable auditors' review having a cut-off date of not more than two Business Days prior to the date of the Prospectus;
- (d) comfort letters similar to the foregoing shall be provided to the Agents with respect to any Supplementary Material and any other relevant document at the time the same is presented to the Agents for their signature or, if the Agents' signature is not required, at the time the same is filed. All such comfort letters shall be in form and substance acceptable to the Agents and the Agents' counsel, acting reasonably; and
- (e) copies of correspondence indicating that the Exchange has conditionally accepted the Offering, including the listing of the Offered Shares, subject only to satisfaction by the Corporation of customary post-closing conditions imposed by the Exchange (the "**Standard Listing Conditions**").

The deliveries referred to in subsections 4(a) and 4(b) shall also constitute the Corporation's consent to the use by the Agents and members of the Selling Dealer Group of the Documents, the Prospectuses, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum and any Supplementary Material in connection with the offering and sale of the Offered Shares.

5. Commercial Copies

- (a) The Corporation shall, as soon as possible but in any event not later than 2:00 p.m. (local time at the place of delivery) on the Business Day following the date of receipt of the

Preliminary Passport System Decision Document or the Final Passport System Decision Document, as the case may be (or such other date or time as the Agents and the Corporation may agree), from the Securities Commissions and no later than 2:00 p.m. (local time at the place of delivery) on the first Business Day after the execution of any Supplementary Material in connection with the Prospectuses, cause to be delivered to the Agents, without charge, commercial copies of the Preliminary Prospectus, the Prospectus or such Supplementary Material in such numbers and in such cities as the Agents may reasonably request by written instructions to the Corporation or the printer thereof given no later than the time when the Corporation authorizes the printing of the commercial copies of such documents.

- (b) The Corporation shall cause to be provided to the Agents such number of copies of any documents incorporated by reference in the Preliminary Prospectus, the Prospectus or any Supplementary Materials as the Agents may reasonably request.
- (c) The Corporation will similarly cause to be delivered to the Agents, at those delivery points as the Agents may reasonably request, commercial copies of the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum and any Supplementary Material required to be delivered to purchasers or prospective purchasers of the Offered Shares. Each delivery of the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum and any such Supplementary Material will constitute consent by the Corporation to the use of the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum and any such Supplementary Material required to be prepared under U.S. Securities Laws by the U.S. Placement Agents (as defined in Schedule "A" hereto) and other members of the Selling Dealer Group (if any) for the offer and sale of the Offered Shares in the United States in accordance with this Agreement.
- (d) The Corporation will similarly cause to be delivered to the Agents, at those delivery points as the Agents may reasonably request, commercial copies of any Supplementary Material required to be delivered to purchasers or prospective purchasers of the Offered Shares.

6. Material Change and Certain Other Covenants

- (a) During the period of distribution of the Offered Shares, the Corporation will promptly inform the Agents in writing of the full particulars of:
 - (i) any material change (actual, anticipated, threatened, contemplated or proposed by, to, or against) in or affecting the business, operations, revenues, capital, properties, assets, liabilities (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of operations of the Corporation and the Subsidiaries, taken as a whole;
 - (ii) any change in any material fact contained or referred to in the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum or any Supplementary Material; and
 - (iii) the occurrence or discovery of a material fact or event which, in any such case, is, or may be, of such a nature as to:

- A. render the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum, any Marketing Documents or any Supplementary Material untrue, false or misleading in any material respect;
- B. result in a misrepresentation in the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum, any Marketing Documents or any Supplementary Material; or
- C. result in the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum, any Marketing Documents or any Supplementary Material not complying in any material respect with the Applicable Securities Laws,

provided that if the Corporation is uncertain as to whether a material change, change, fact or event of the nature referred to in this subsection 6(a) has occurred or been discovered, the Corporation shall promptly inform the Co-Lead Agents of the full particulars of the occurrence giving rise to the uncertainty and shall consult with the Co-Lead Agents as to whether the occurrence is of such nature prior to making any filing referred to in subsection 6(c).

- (b) During the period of distribution of the Offered Shares, the Corporation will promptly inform the Agents in writing of the full particulars of:
 - (i) any request of any Securities Commission, the SEC or similar regulatory authority for any amendment to, or to suspend or prevent the use of, the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum or any other part of the Public Record or for any additional information of a material nature;
 - (ii) the issuance by any Securities Commission, the SEC or similar regulatory authority, the Exchange or any other competent authority of any order to cease or suspend trading of any securities of the Corporation or of the institution or threat of institution of any proceedings for that purpose; and
 - (iii) the receipt by the Corporation of any communication from any Securities Commission, the SEC or similar regulatory authority, the Exchange or any other competent authority relating to the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum, any part of the Public Record or the distribution of the Offered Shares.
- (c) The Corporation will promptly comply to the reasonable satisfaction of the Agents and the Agents' counsel with Applicable Securities Laws with respect to any material change, change, fact or event of the nature referred to in subsection 6(a) or 6(b) above and the Corporation will prepare and file promptly at the Agents' request, acting reasonably, any amendment to the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum or Supplementary Material as may be required under Applicable Securities Laws; provided that the Corporation shall

have allowed the Agents and the Agents' counsel to participate fully in the preparation of any Supplementary Material, to have reviewed any other documents incorporated by reference therein and conducted all due diligence investigations which the Agents may reasonably require in order to fulfill their obligations as agents and in order to enable the Agents responsibly to execute the certificate required to be executed by them in, or in connection with, any Supplementary Material, such approval not to be unreasonably withheld and to be provided in a timely manner. The Corporation shall further promptly deliver to each of the Agents and the Agents' counsel a copy of each Supplementary Material as filed with the Securities Commissions, and of letters with respect to each such Supplementary Material substantially similar to those referred to in Section 4 above.

- (d) During the period of distribution of the Offered Shares, the Corporation will promptly provide to the Agents for review by the Co-Lead Agents and the Agents' counsel, prior to filing or issuance:
 - (i) any financial statement of the Corporation;
 - (ii) any proposed document, including without limitation any amendment to the AIF, new annual information form, material change report, interim report, or information circular, which may be incorporated, or deemed to be incorporated, by reference in the Prospectus, or is intended to be filed as part of the Public Record;
 - (iii) any news release of the Corporation (subject to the Corporation's obligations under Applicable Securities Laws to make timely disclosure of material information); and
 - (iv) any amendment to the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, or the U.S. Placement Memorandum.
- (e) The Corporation will use its commercially reasonable efforts to maintain its status as a "reporting issuer" (or the equivalent thereof) not in default of the material requirements of the applicable Canadian Securities Laws in the Qualifying Provinces for a period of 12 months following the Closing Date, it being understood that such covenant shall not prevent the Corporation from participating in a merger, amalgamation or other form of business combination transaction which results in the Corporation ceasing to be a reporting issuer.
- (f) The Corporation will use its commercially reasonable efforts to maintain the listing of the Common Shares on the Exchange or another recognized stock exchange or quotation system for a period of at least 12 months following the Closing Date, it being understood that such covenant shall not prevent the Corporation from participating in a merger, amalgamation or other form of business combination transaction which results in the Corporation ceasing to have its Common Shares listed on the Exchange.
- (g) The Corporation will ensure that the Offered Shares issuable on the Closing Date shall, upon receipt of payment in full therefor, be duly and validly issued as fully paid and non-assessable shares in the capital of the Corporation.

- (h) The Corporation will deliver the President's List to GMP FirstEnergy not less than three (3) Business Days prior to the Closing Date.
- (i) The Corporation will use the net proceeds of the offering of the Offered Shares in accordance with the disclosure in the Prospectus.

7. Representations and Warranties of the Corporation

- (a) Each delivery of the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum and any Supplementary Material pursuant to Section 4 above shall constitute a representation and warranty to the Agents by the Corporation (and the Corporation hereby acknowledges that each of the Agents is relying on such representations and warranties in entering into this Agreement) that:
 - (i) all of the information and statements (except information and statements relating solely to the Agents and furnished by them in writing expressly for inclusion in the applicable document) contained in the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum or any Supplementary Material, as applicable, including, without limitation, the documents incorporated by reference, as the case may be:
 - A. are at the respective dates of such documents, true and correct in all material respects;
 - B. contain no misrepresentation; and
 - C. constitute full, true and plain disclosure of all material facts relating to the Corporation and the Offered Shares;
 - (ii) the Preliminary Prospectus, the Prospectus, or any Supplementary Material, as applicable, including, without limitation, the documents incorporated by reference, as the case may be, comply in all material respects with the applicable Canadian Securities Laws, including without limitation NI 44-101, and the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum and, to the extent applicable, any related Supplementary Material, complies as to form in all material respects with applicable U.S. Securities Laws; and
 - (iii) there has been no intervening material change (adverse material change until filing of the Prospectus) (actual, proposed or prospective, whether financial or otherwise), from the date of the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum and any Supplementary Material to the time of delivery thereof, in the business, operations, revenues, capital, properties, assets, liabilities (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of operations of the Corporation and its Subsidiaries (taken as a whole).
- (b) In addition to the representations and warranties contained in subsection 7(a) hereof, the Corporation represents and warrants (and, where applicable, covenants) to the Agents,

and acknowledges that each of the Agents is relying upon such representations and warranties (and, where applicable, covenants) in entering into this Agreement, that:

- (i) the Corporation and each of the Subsidiaries is a corporation duly incorporated, continued or amalgamated and validly existing and in good standing under the laws of the jurisdiction in which it was incorporated, continued or amalgamated, as the case may be, has all requisite corporate power, authority and capacity to own, lease or operate its properties and assets as described in the Prospectus and, except as disclosed to the Agents in the Due Diligence Session, no steps or proceedings have been taken by any person, voluntary or otherwise, requiring or authorizing its dissolution or winding up, and the Corporation has all requisite corporate power and authority to enter into this Agreement and to carry out its obligations hereunder;
- (ii) the Corporation is the registered and beneficial holder of:
 - A. 100% of the issued and outstanding securities of each of BNK Canada Holdings Inc. and BNK Petroleum Holding Inc.; and
 - B. 100% of the issued and outstanding securities of BNK Petroleum (US) Inc. (indirectly through BNK Petroleum Holding Inc.);

(individually, each entity referred to in A. and B., inclusive, is a "**North American Subsidiary**" and, collectively, the "**North American Subsidiaries**"), in each case, free and clear of all mortgages, charges, pledges, security interests, encumbrances, claims or demands whatsoever and no person or other entity has any agreement, option, right or privilege (whether pre-emptive or contractual) to purchase or receive (or capable of becoming an agreement or a right to purchase or receive) from the Corporation or the North American Subsidiaries any issued or unissued securities of the North American Subsidiaries;

- (iii) the Corporation is the registered and beneficial holder of:
 - A. 100% of the issued and outstanding securities of BNK Petroleum (Europe) Cooperatief U.A. (98% directly and 2% indirectly through BNK Canada Holdings Inc.);
 - B. 100% of the issued and outstanding securities of BNK Petroleum Investments B.V. (indirectly through BNK Canada Holdings Inc. and BNK Petroleum (Europe) Cooperatief U.A.);
 - C. 100% of the issued and outstanding securities of each of BNK Poland Holdings B.V., BNK Spain Holdings B.V., BNK France Holdings B.V. and BNK Sedano Holdings B.V. (indirectly through BNK Canada Holdings Inc., BNK Petroleum (Europe) Cooperatief U.A. and BNK Petroleum Investments B.V.);
 - D. 100% of the issued and outstanding securities of Saponis Investments Sp. z o.o. (indirectly through BNK Canada Holdings Inc., BNK Petroleum

(Europe) Cooperatief U.A., BNK Petroleum Investments B.V. and BNK Poland Holdings B.V.);

- E. 100% of the issued and outstanding securities of each of BNK Polska Sp. z o.o. and BNK Indiana Holdings B.V. (indirectly through BNK Canada Holdings Inc., BNK Petroleum (Europe) Cooperatief U.A., BNK Petroleum Investments B.V. and BNK Poland Holdings B.V.);
- F. 100% of the issued and outstanding securities of BNK Hidrocarburos S.L.U. (indirectly through BNK Canada Holdings Inc., BNK Petroleum (Europe) Cooperatief U.A., BNK Petroleum Investments B.V. and BNK Spain Holdings B.V.);
- G. 100% of the issued and outstanding securities of BNK Sedano Hidrocarburos S.L.U. (indirectly through BNK Canada Holdings Inc., BNK Petroleum (Europe) Cooperatief U.A., BNK Petroleum Investments B.V. and BNK Sedano Holdings B.V.); and
- H. 100% of the issued and outstanding securities of Indiana Investments Sp. z o.o. (indirectly through BNK Canada Holdings Inc., BNK Petroleum (Europe) Cooperatief U.A., BNK Petroleum Investments B.V., BNK Poland Holdings B.V. and BNK Indiana Holdings B.V.),

(individually, each entity referred to in A. through H., inclusive, is a "**European Subsidiary**" and, collectively, the "**European Subsidiaries**"), in each case, free and clear of all mortgages, charges, pledges, security interests, encumbrances, claims or demands whatsoever and no person or other entity has any agreement, option, right or privilege (whether pre-emptive or contractual) to purchase or receive (or capable of becoming an agreement or a right to purchase or receive) from the Corporation or the European Subsidiaries any issued or unissued securities of the European Subsidiaries;

- (iv) the Corporation and each of the Subsidiaries is qualified to carry on business as described in the Prospectus under the laws of each jurisdiction in which it carries on its business;
- (v) other than the Subsidiaries, the Corporation has no investment or ownership interest in any legal entity;
- (vi) the Corporation is a "reporting issuer" under the Canadian Securities Laws of each of the provinces of British Columbia, Alberta, Manitoba and Ontario, is not in default of any material requirement of such Canadian Securities Laws, is not included on a list of defaulting reporting issuers maintained by the CSA and will continue to be, at the Closing Time, a reporting issuer under the Canadian Securities Laws of each of the Qualifying Provinces;
- (vii) each of the execution and delivery of this Agreement and the performance by the Corporation of its obligations hereunder, including the allotment, reservation, issuance and delivery of the Offered Shares, do not and will not conflict with or

result in a breach or violation of any of the terms or provisions of, or constitute a default under (whether after notice or lapse of time or both), (a) any statute, rule or regulation applicable to the Corporation including, without limitation, Securities Laws and the rules and regulations of the Exchange; (b) the constating documents or resolutions of the directors or shareholders of the Corporation or a Subsidiary which are in effect at the date hereof; (c) any mortgage, note, indenture, contract, agreement, joint venture, partnership, instrument, lease or other document to which the Corporation or any of the Subsidiaries is a party or by which it is bound; or (d) any judgment, decree or order binding the Corporation or a Subsidiary or the property or assets thereof, which default or breach would reasonably be expected to have a Material Adverse Effect;

- (viii) the Corporation is in compliance in all material respects with its continuous disclosure obligations under applicable Securities Laws and the rules and regulations of the Exchange and, without limiting the generality of the foregoing, there has not occurred any material adverse change (actual, anticipated, completed, proposed or threatened), financial or otherwise, in the assets, liabilities (contingent or otherwise), business, affairs, operations, prospects or capital of the Corporation (on a consolidated basis) since December 31, 2012 which has not been publicly disclosed on SEDAR, all statements set forth in all documents publicly filed by or on behalf of the Corporation pursuant to applicable Securities Laws since December 31, 2012, including the Documents, were, or will be on the filing thereof, true, correct, and complete in all material respects and did not contain any misrepresentation as of the date of such statements and the Corporation has not filed any confidential material change reports since the date of such statements which remains confidential as at the date hereof;
- (ix) except as disclosed in the Prospectus, any and all of the agreements and other documents and instruments, pursuant to which the Corporation and the Subsidiaries hold oil and gas property and assets (including any interest in, or right to earn an interest in, any property) are valid and subsisting agreements, documents or instruments in full force and effect, enforceable in accordance with their terms except where any failure to be same will not have a Material Adverse Effect; neither the Corporation nor any Subsidiary, as applicable, is in default and to the Corporation's knowledge none of the other parties thereto are in default, of any of the provisions of any such agreements, documents or instruments, except where any such default would not have a Material Adverse Effect, nor to the Corporation's knowledge has any such default been alleged, and such properties and assets are in good standing under the applicable statutes and regulations of the jurisdictions in which they are situated; all leases, licenses, concessions, claims or other property rights pursuant to which the Corporation derives the interests thereof in such property and assets are in good standing and there has been no default under any such lease, license, concession, claim or property right, except where such default would not have a Material Adverse Effect. None of the Corporation's material oil and gas assets (including any interest, or right to earn an interest, therein) are subject to any right of first refusal or purchase or acquisition right other than those negotiated in the normal course of business and for the benefit of the Corporation or mandated by the applicable Governmental Authority in the jurisdictions in which such assets are located;

- (x) except as disclosed in the Prospectus, all leases, licenses, concessions, claims or other oil and gas property rights through which the Corporation and the Subsidiaries hold an interest (including any interest in, or right to earn an interest in, any property) have been validly recorded in accordance with all applicable laws and are valid and subsisting except where any failure to be same will not have a Material Adverse Effect; and such leases, concessions, claims or other property rights are sufficient to permit the holder thereof to explore for, to produce and sell the petroleum, natural gas and related hydrocarbons relating thereto, free and clear of any liens, charges or encumbrances and no material commission, royalty, license fee or similar payment payable to Governmental Authorities in accordance with applicable laws and royalties payable in the ordinary course to landowners or similar rights holders, is payable to any person in connection therewith;
- (xi) the Prospectus contains an accurate summary description of all material oil and gas property rights held by the Corporation and the Subsidiaries and no other property or assets are necessary for the conduct of the business of the Corporation and the Subsidiaries as currently conducted, and the Corporation does not know of any claim or the basis for any claim that might or could materially and adversely affect the right thereof to use, transfer or otherwise explore for and produce and sell the petroleum, natural gas and related hydrocarbons in respect of such properties;
- (xii) the Corporation made available to NSAI, prior to the issuance of the NSAI Report and for the purpose of preparing such report, all information reasonably requested by NSAI, which information did not contain any material misrepresentation at the time such information was so provided. The Corporation has no knowledge of a material adverse change in any information provided to NSAI since that date. The NSAI Report fully complies with the requirements of NI 51-101 as at the date thereof and the NSAI Report reasonably presents the Corporation's proved, probable and possible reserves attributable to the properties evaluated therein, as applicable, as at the date stated therein, based upon information available at the time the NSAI Report was prepared and the assumptions as to the commodity prices and costs contained therein;
- (xiii) the NSAI Report accurately and completely sets forth as at December 31, 2015, NSAI's evaluation of the reserves in respect of all of the Corporation's U.S. properties and the net present value thereof and, since the date of preparation of such report, there has been no change of which the Corporation is aware that would render such report to be incorrect in any material adverse respect;
- (xiv) neither NSAI nor any other independent evaluator or consultant engaged by the Corporation has updated the NSAI Report or independently evaluated the proved, probable or possible reserves or other resources attributable to the properties evaluated therein (or any part thereof);
- (xv) NSAI is an independent qualified reserves evaluator pursuant to NI 51-101;

- (xvi) neither the Corporation nor any Subsidiary is in violation of its constating documents or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, trust deed, mortgage, loan agreement, note, lease or other agreement or instrument to which it is a party or by which it or its property may be bound, except in each case as would not have a Material Adverse Effect;
- (xvii) to the knowledge of the Corporation, no counterparty to any obligation, agreement, covenant or condition contained in any contract, indenture, trust deed, mortgage, loan agreement, note, lease or other agreement or instrument to which it is a party is in material default in the performance or observance thereof which default would have a Material Adverse Effect;
- (xviii) neither the Corporation nor any Subsidiary has approved, or entered into any agreement in respect of: (a) the purchase of any material property or assets or any interest therein or the sale, transfer or other disposition of any material property or assets or any interest therein currently owned, directly or indirectly, by the Corporation or any Subsidiary, whether by asset sale, transfer of shares or otherwise other than in the ordinary course of business; or (b) any change in control of the Corporation or any Subsidiary (by sale, transfer or other disposition of shares or sale, transfer, lease or other disposition of all or substantially all of the property and assets of the Corporation or any Subsidiary); or (c) to the knowledge of the Corporation, a proposed planned disposition of shares by any shareholder who owns, directly or indirectly, 10% or more of the outstanding shares of the Corporation;
- (xix) the Financial Statements have been prepared in accordance with GAAP and present fully, fairly and correctly in all material respects, the consolidated financial condition of the Corporation and the Subsidiaries as at the dates thereof and the consolidated results of the operations and the changes in the financial position of the Corporation and the Subsidiaries for the periods then ended and contain and reflect adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of the Corporation, as applicable, and there has been no material change in accounting policies or practices of the Corporation since June 30, 2016;
- (xx) the AIF is a "current AIF" as such term is defined in NI 44-101 and the Corporation is qualified to file a short form prospectus in accordance with NI 44-101;
- (xxi) since June 30, 2016, (a) there has been no change in the condition (financial or otherwise), or in the properties, capital, affairs, prospects, operations, assets or liabilities of the Corporation, whether or not arising in the ordinary course of business which would have a Material Adverse Effect; and (b) there have been no transactions entered into by the Corporation, other than those in the ordinary course of business, except as disclosed in the Prospectus;
- (xxii) all Taxes due and payable by the Corporation and the Subsidiaries have been paid, except where the failure to pay Taxes would not constitute an adverse

material fact in respect of the Corporation or have a Material Adverse Effect. All tax returns, declarations, remittances and filings required to be filed by the Corporation and the Subsidiaries have been filed with all appropriate Governmental Authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading, except where the failure to file such documents would not constitute an adverse material fact in respect of the Corporation or have a Material Adverse Effect. To the knowledge of the Corporation, no examination of any tax return of the Corporation or any Subsidiary is currently in progress and there are no issues or disputes outstanding with any Governmental Authority respecting any Taxes that have been paid, or may be payable, by the Corporation or the Subsidiaries, in any case, except where such examinations, issues or disputes would not constitute an adverse material fact in respect of the Corporation or have a Material Adverse Effect;

- (xxiii) the Corporation's Auditors who audited the Financial Statements and who provided their audit report thereon are independent public accountants as required under applicable Securities Laws. There has never been a reportable event (within the meaning of NI 51-102) between the Corporation and the Corporation's Auditors or, to the knowledge of the Corporation, any former auditors of the Corporation;
- (xxiv) the Corporation maintains a system of "internal control over financial reporting" (as defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*) that provides reasonable assurances: (a) that transactions are executed in accordance with management's general or specific authorization; (b) that transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets; and (c) regarding the reliability of financial reporting and the preparation of the Corporation's consolidated financial statements for external purposes in accordance with GAAP. The Corporation is not aware of any material weaknesses in its internal control over financial reporting. The Corporation maintains a system of disclosure controls and procedures that is designed to provide reasonable assurance that information required to be disclosed by the Corporation under Canadian Securities Laws is recorded, processed, summarized and reported within the time periods specified under Canadian Securities Laws and to ensure that information required to be disclosed by the Corporation under Canadian Securities Laws is accumulated and communicated to the Corporation's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure;
- (xxv) other than as set forth in the Prospectus, no person has or will have at the Closing Time any agreement or option, or right or privilege (whether pre-emptive or contractual) to purchase or receive (or capable of becoming an agreement or a right to purchase or receive) from the Corporation any unissued shares or securities of the Corporation;

- (xxvi) to the knowledge of the Corporation, there is no agreement in force or effect which in any material manner affects or will affect the voting or control of any of the securities of the Corporation or of the Subsidiaries;
- (xxvii) none of the directors, officers or employees of the Corporation, any person who owns, directly or indirectly, more than 10% of any class of securities of the Corporation or securities of any person exchangeable for more than 10% of any class of securities of the Corporation, or any associate or affiliate of any of the foregoing, had or has any material interest, direct or indirect, in any transaction or any proposed transaction (including, without limitation, any loan made to or by any such person) with the Corporation which, as the case may be, materially affects, is material to or will materially affect the Corporation;
- (xxviii) there are no actions, suits, judgments, investigations, inquiries or proceedings of any kind whatsoever outstanding (whether or not purportedly on behalf of the Corporation or any Subsidiary); or, to the knowledge of the Corporation, pending or threatened against or affecting the Corporation, any of the Subsidiaries or their respective directors or officers (in their capacities as such), at law or in equity or before or by any commission, board, bureau or agency of any kind whatsoever and, to the knowledge of the Corporation, neither the Corporation nor any of the Subsidiaries is subject to any judgment, order, writ, injunction or decree, award, rule, policy or regulation of any Governmental Authority, which, either separately or in the aggregate, would have a Material Adverse Effect or would adversely affect the ability of the Corporation to perform its obligations under this Agreement;
- (xxix) other than with respect to the relinquishment by the Corporation of certain interests held by its European Subsidiaries as disclosed in the Prospectus, no legal or governmental proceedings or inquiries by any Governmental Authority are pending to which the Corporation or any of the Subsidiaries is a party or to which any of its property interests or assets is subject that would result in the revocation or modification of any certificate, authority, permit or license necessary to conduct the business now conducted by the Corporation and the Subsidiaries which, if the subject of an unfavourable decision, ruling or finding would have a Material Adverse Effect and, to the knowledge of the Corporation, no such legal or governmental proceedings or inquiries have been threatened against or are contemplated with respect to the Corporation or the Subsidiaries or with respect to any of their properties and assets;
- (xxx) (a) neither the Corporation nor any Subsidiary has been nor is in violation of, in connection with the ownership, use, maintenance or operations of its property and assets, any federal, provincial, state, local, municipal or foreign statute, law, rule, regulation, ordinance, code, policy or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to pollution or protection of human health, the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products

(collectively, "**Hazardous Materials**") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "**Environmental Laws**"), except as would not have a Material Adverse Effect, (b) the Corporation and the Subsidiaries have all permits, authorizations and approvals required under any applicable Environmental Laws and are each in compliance with their requirements, except as would not have a Material Adverse Effect, and (c) to the knowledge of the Corporation, there are no pending or threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of non-compliance or violation, investigation or proceedings relating to any Environmental Laws against the Corporation or any Subsidiary which, if determined adversely, would have a Material Adverse Effect;

- (xxxi) the Corporation and each Subsidiary has conducted and is conducting its business in compliance with all applicable laws, rules and regulations and, in particular, all applicable licensing and environmental legislation, regulations or by-laws or other lawful requirements of any Governmental Authority applicable to it in each jurisdiction in which it carries on business and holds all licenses, registrations, permits, authorities and qualifications (it being understood that permits are required and will have to be obtained to carry out certain future exploration and other activities) in all jurisdictions in which it carries on business which are necessary to carry on its business as now conducted, except where failure to do so would not have a Material Adverse Effect, and, except as disclosed in the Prospectus, all such licenses, registrations, permits, authorities and qualifications are valid and existing and in good standing, and there is no proceeding, inquiry or action by any Governmental Authority, actual or, to the knowledge of the Corporation, threatened, against the Corporation relating to the revocation or modification of any such licenses, registrations, permits, authorities or qualifications which if the subject of an unfavourable decision, ruling or finding, would have a Material Adverse Effect;
- (xxxii) there are no orders, rulings or directives issued or, to the knowledge of the Corporation, pending or threatened against the Corporation or any Subsidiary under or pursuant to any Environmental Laws requiring any work, repairs, construction or capital expenditures with respect to the property or assets of the Corporation or the Subsidiaries which would reasonably be expected to have a Material Adverse Effect;
- (xxxiii) neither the Corporation nor any Subsidiary is subject to any contingent or other liability relating to the restoration or rehabilitation of land, water or any other part of the environment or noncompliance with Environmental Laws which would reasonably be expected to have a Material Adverse Effect;
- (xxxiv) no approval, authorization, consent or other order of, and no filing, registration or recording with, any Governmental Authority or other person is required of the Corporation in connection with the execution and delivery of or with the performance by the Corporation of this Agreement except: (a) those which have been obtained or those which may be required and shall be obtained prior to the Closing Time under applicable Securities Laws or the rules of the Exchange,

including in compliance with Canadian Securities Laws with regard to the distribution of the Offered Shares in the Qualifying Provinces, and (b) such post-Closing notice, fee and filings with the Securities Commissions, the Exchange and other Governmental Authorities as may be required in connection with the Offering;

- (xxxv) the execution and delivery of this Agreement and the performance of the transactions contemplated hereunder will have been duly authorized by all necessary corporate action of the Corporation, and this Agreement has been duly executed and delivered by the Corporation and constitutes valid and binding obligations of the Corporation, enforceable against the Corporation in accordance with its terms, except as enforcement thereof may be limited by (i) applicable bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally; (ii) equitable remedies, including the remedies of specific performance and injunctive relief, being available only in the discretion of the applicable court; (iii) the statutory and inherent powers of a court to grant relief from forfeiture, to stay execution of proceedings before it and to stay executions on judgments; (iv) the applicable laws regarding limitations of actions; (v) enforceability of provisions which purport to sever any provision which is prohibited or unenforceable under applicable law without affecting the enforceability or validity of the remainder of such documents would be determined only in the discretion of the courts; (vi) enforceability of the provisions exculpating a party from liability or duty otherwise owned by it may be limited under applicable law; and (vii) that rights to indemnity, contribution and waiver under the documents may be limited or unavailable under applicable law;
- (xxxvi) all necessary corporate action will have been taken by the Corporation to carry out its obligations hereunder and to allot and authorize the issuance of the Offered Shares, and upon payment therefor, the Offered Shares will have been validly issued as fully paid and non-assessable shares in the capital of the Corporation;
- (xxxvii) the Common Shares are listed and posted for trading on the Exchange, the Corporation is in compliance in all material respects with the by-laws, rules and regulations of the Exchange and, prior to the Closing Time, the Corporation will apply to the Exchange to list the Offered Shares on the Exchange, which listing will be subject to fulfilling the Standard Listing Conditions;
- (xxxviii) no order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of the Corporation has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of the Corporation, are pending, contemplated or threatened by any regulatory authority;
- (xxxix) the authorized capital of the Corporation consists of an unlimited number of Common Shares without nominal or par value of which 162,689,292 Common Shares are issued and outstanding as fully paid and non-assessable shares in the capital of the Corporation and except for (a) such shares; (b) 10,580,833 Common Shares reserved for issuance upon the exercise of outstanding stock

options under the Stock Option Plan; (c) Common Shares reserved for issuance upon the vesting of outstanding restricted share units under the RSU Plan; and (d) securities issuable pursuant to this Agreement, there are no securities of the Corporation outstanding or reserved for issuance;

- (xi) no person, firm, corporation or other entity holds any securities convertible into or exchangeable for securities of the Corporation or now has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement for the purchase, subscription or issuance of any unissued shares, securities (including convertible securities) or warrants of the Corporation, and no person, firm, corporation or other entity has any agreement, option, right or privilege (whether pre-emptive or contractual) for the purchase of any assets of the Corporation except for options to acquire an aggregate of 10,580,833 common shares issued in accordance with the provisions of the Stock Option Plan;
- (xii) all of the properties and assets of the Corporation and the Subsidiaries and their business and operations are insured by insurers who are, to the knowledge of the Corporation, of recognized financial responsibility, against such losses and risks in such amounts that, to the knowledge of the Corporation, are appropriate to the operations, properties and assets of the Corporation as they will exist on the Closing Date, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets; all policies of insurance and fidelity or surety bonds insuring the Corporation, and its business, assets, employees, officers and directors are in full force and effect; the Corporation is in compliance with the terms of such policies and instruments in all material respects; there are no material claims by the Corporation under any such policies or instruments as to which any insurance company is denying liabilities or defending under a reservation of rights clause; and the Corporation has no reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect;
- (xiii) Computershare Investor Services Inc., at its principal office in Calgary, Alberta, has been duly appointed as registrar and transfer agent for the Common Shares;
- (xiv) the minute books and records of the Corporation and the Subsidiaries made available to Agents' Counsel in connection with the Agents due diligence investigation of the Corporation contain copies of all material proceedings of the shareholders, the directors and all committees of directors of the Corporation and the Subsidiaries to the date of review of such corporate records and minute books and there have been no other meetings, resolutions or proceedings of the shareholders, directors or any committees of the directors of the Corporation or any Subsidiary to the date hereof not reflected in such minute books and other records, other than those which are not material to the Corporation and the Subsidiaries, taken together as a whole;

- (xliv) the Corporation and the Subsidiaries are in compliance with all laws respecting employment and employment practices, terms and conditions of employment, pay equity and wages, except where non-compliance with such laws could not reasonably be expected to have a Material Adverse Effect, and has not and is not engaged in any unfair labour practice;
- (xlv) the Prospectus discloses, to the extent required by applicable Securities Laws, each material plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise contributed to, or required to be contributed to, by the Corporation for the benefit of any current or former director, officer, employee or consultant of the Corporation (the "**Employee Plans**"), each of which has been maintained in all material respects with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations that are applicable to such Employee Plans;
- (xlvi) all information which has been prepared by the Corporation relating to the Corporation, the Subsidiaries and the business, property and liabilities thereof and either provided or made available to the Agents, including the Prospectus and all financial and operational information provided to the Agents is, as of the date of such information, true and correct in all material respects, taken as a whole, and no fact or facts have been omitted therefrom which would make such information materially misleading;
- (xlvii) the Corporation has not completed any "significant acquisition" nor is it proposing any "probable acquisitions" (as such terms are used in NI 44-101) that would require the inclusion of any additional financial statements or pro forma financial statements in the Prospectus pursuant to applicable Securities Laws;
- (xlviii) the Corporation is eligible to file a short form prospectus in each of the Qualifying Provinces pursuant to Canadian Securities Laws and, on the date of and upon filing of the Prospectus, there will be no documents required to be filed under applicable Securities Laws in connection with the Offering that will not have been filed as required;
- (xlix) other than the Agents and members of the Selling Dealer Group, there is no person acting or purporting to act at the request or on behalf of the Corporation that is entitled to any brokerage or finder's fee in connection with the transactions contemplated by this Agreement;
- (l) the books of account and other records of the Corporation and its Subsidiaries, whether of a financial or accounting nature or otherwise, have been maintained, in all material respects, in accordance with prudent business practices;
- (li) the Corporation is not a party to or bound by any agreement of guarantee, indemnification (other than guarantees of obligations of its Subsidiaries and indemnification of directors and officers in accordance with the articles of the

Corporation, applicable laws, indemnification provisions under agency agreements, underwriting agreements, transfer agency agreements;

- (iii) the Corporation does not have any loans or other indebtedness outstanding which have been made to or from any of its shareholders, officers, directors or employees or any other person not dealing at arm's length with the Corporation;
- (liii) the Corporation does not have any outstanding obligations to incur and/or renounce any "Canadian exploration expenses" or "Canadian development expenses" (as such terms are defined in the *Income Tax Act (Canada)*) to any purchaser of the shares of the Corporation that have not yet been fully expended and renounced;
- (liv) no Securities Commission, other securities commission or similar regulatory authority, the Exchange or other exchange or similar body or organization in Canada, the United Kingdom or the United States has issued any order which is currently outstanding preventing or suspending trading in any securities of the Corporation, no such proceeding is, to the knowledge of the Corporation, pending, contemplated or threatened and the Corporation is not in default of any material requirement of applicable Securities Laws, including, without limitation, the applicable Securities Laws of Canada, the United Kingdom or the United States;
- (lv) the Corporation is not aware of any defects, failures or impairments in the title of the Corporation to its oil and gas properties, whether or not an action, suit, proceeding or inquiry is pending or threatened or whether or not discovered by any third party, which, in aggregate, could have a Material Adverse Effect on the Corporation or a material adverse effect on: (i) the quantity and pre-tax present worth values of tight oil, shale gas and natural gas liquids reserves of the Corporation as shown in the NSAI Report; (ii) the current production of the Corporation; or (iii) the current cash flow of the Corporation;
- (lvi) although it does not warrant title, the Corporation does not have any reason to believe that the Corporation and its Subsidiaries do not have good and marketable title to or the right to explore for, produce and sell their respective petroleum, natural gas and related hydrocarbons pursuant to concessions, leases and/or licenses or similar instruments granted by applicable Governmental Authorities (for the purposes of this subsection, the foregoing are referred to as the "**Interests**"), and, except as disclosed on the Public Record or arising in the ordinary course of the oil and gas business, the Corporation represents and warrants that the Interests are free and clear of all liens, charges, encumbrances, restrictions or adverse claims created by, through or under the Corporation or its Subsidiaries;
- (lvii) upon relinquishing any of the Interests, the Corporation shall not have any material continuing obligations or liabilities;

- (lviii) upon the dissolution, winding-up, sale, or transfer of any of the European Subsidiaries, the Corporation shall not have any material continuing obligations or liabilities in respect of any such European Subsidiary;
- (lix) neither the Corporation nor its Subsidiaries have received notice of any proceedings relating to the revocation or modification of any of its oil and gas assets or any related registrations, permits, authorities or qualifications which, if the subject of an unfavourable decision, ruling or finding, would have a Material Adverse Effect;
- (lx) all filings by the Corporation or its Subsidiaries, pursuant to which the Corporation has received or is entitled to receive government incentives or rights to explore for and develop oil and natural gas, have been made in accordance, in all material respects, with all applicable legislation and contain no misrepresentations of material fact nor omit to state any material fact which would reasonably be expected to cause any amount previously paid to the Corporation or its Subsidiaries, or previously accrued on the accounts thereof to be recovered or disallowed;
- (lxi) any and all operations of the Corporation and its Subsidiaries and to the Corporation's knowledge, any and all operations by third parties, on or in respect of the assets and properties of the Corporation and its Subsidiaries, have been conducted in accordance with good oil and gas industry practices and in material compliance with applicable laws, rules, regulations, orders and directions of applicable Governmental Authorities;
- (lxii) the Responses given by the Corporation in the Due Diligence Sessions are and, in the case of Due Diligence Sessions to occur after the date hereof, will be true and correct in all material respects as at the time such responses were given and such responses taken as a whole shall not omit any fact or information necessary to make the responses not misleading in light of the circumstances in which such responses are given;
- (lxiii) other than as disclosed in the Prospectus or to the Agents in writing, there are no material contracts or agreements to which the Corporation or its Subsidiaries are a party or by which they are bound. For the purposes of this subsection, any contract or agreement pursuant to which the Corporation or its Subsidiaries is, or may reasonably be expected to result in, a requirement of the Corporation or its Subsidiaries to expend more than an aggregate of \$500,000, or receive or be entitled to receive revenue of more than \$500,000 in either case in the next 12 months, or is out of the ordinary course of business of the Corporation and its Subsidiaries, shall be considered to be material;
- (lxiv) other than as set forth in the Public Record, neither the Corporation nor any Subsidiary is a party to any written consulting contracts or written contracts of employment which may not be terminated on one month's, or less, notice or which provide for payments occurring on a change of control of the Corporation;

- (lxv) other than as disclosed in the Prospectus, neither the Corporation nor any Subsidiary has a Risk Management Contract outstanding and no Risk Management Contracts will be entered into by the Corporation or any of its Subsidiaries prior to the Closing Time;
- (lxvi) no officer, director, employee or any other person not dealing at arm's length with the Corporation or its Subsidiaries or, to the knowledge of the Corporation, any associate or affiliate of any such person, owns, has or is entitled to any royalty, net profits interest, carried interest or any other encumbrances or claims of any nature whatsoever which are based on production from the Corporation's and its Subsidiaries' on a consolidated basis (taken as a whole), properties or assets or any revenue or rights attributed thereto;
- (lxvii) neither the Corporation nor, to its knowledge, any of its shareholders, is a party to any unanimous shareholders agreement, pooling agreement, voting trust, shareholder rights protection plan or other similar type of arrangements in respect of outstanding securities of the Corporation;
- (lxviii) other than as disclosed in the Prospectus, there is not now, and there has never been, any employment by the Corporation of an individual who was, at such time, a governmental or political official in any country in the world. Neither the Corporation nor any Subsidiary nor, to the knowledge of the Corporation, any director, officer, employee or other person acting on behalf of the Corporation has (a) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (b) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (c) violated or is in violation of any provision of any applicable laws relating to the bribery or corruption of governmental authorities, representatives of governmental authorities or other public officials, including but not limited to the *United States Foreign Corrupt Practices Act of 1977*, as amended, and the *Corruption of Foreign Public Officials Act (Canada)* and similar laws of other jurisdictions in which the Corporation or any Subsidiary holds property; or (d) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment;
- (lxix) the operations of the Corporation and its Subsidiaries are and have been conducted at all times in compliance, in all material respects, with applicable financial recordkeeping and reporting requirements and money laundering statutes and the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Corporation with respect to the Money Laundering Laws is, to the knowledge of the Corporation, pending or threatened;
- (lxx) none of the Corporation nor any of its Subsidiaries is currently subject to any sanctions administered by the Office of Foreign Assets Control of the U.S. Department of Treasury; and

- (lxxi) the Corporation has not withheld from the Agents any material information or documents concerning the Corporation or any of Subsidiaries or the assets or liabilities thereof during the course of the due diligence review by the Agents of the Corporation, the Subsidiaries and their respective assets. No representation or warranty contained herein and no statement contained in the Responses, provided or to be provided to the Agents pursuant hereto contains or will contain any untrue statement of a material fact which is necessary in order to make the statements herein or therein not misleading.

8. Indemnity

- (a) The Corporation shall indemnify and save each of the Agents and their respective affiliates, and each of their respective agents, advisors, partners, directors, officers, shareholders and employees (collectively, the "**Indemnified Persons**") and individually, an "**Indemnified Person**"), harmless against and from all liabilities, claims, suits, proceedings, demands, losses (other than losses of profit), costs (including, without limitation, legal fees and disbursements on a full indemnity basis), damages and expenses to which an Indemnified Person may be subject or which an Indemnified Person may suffer or incur, whether under the provisions of any statute or otherwise, in any way caused by, or arising directly or indirectly from or in consequence of:
- (i) any information or statement contained in the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum, any Supplementary Material, any part of the Public Record or in any other document or material filed or delivered by or on behalf of the Corporation pursuant hereto (other than any information or statements relating solely to the Agents and furnished to the Corporation by the Agents expressly for inclusion in the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum or any Supplementary Material or such other document or material) which is or is alleged to be untrue or any omission or alleged omission to provide any information or state any fact (other than any information or fact relating solely to the Agents) the omission of which makes or is alleged to make any such information or statement untrue or misleading in light of the circumstances in which it was made;
 - (ii) any misrepresentation or alleged misrepresentation (except a misrepresentation which is based upon information relating solely to the Agents and furnished to the Corporation by the Agents expressly for inclusion in the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum, any Supplementary Material or in any document or other part of the Public Record) contained in the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum, any Supplementary Material or in any other document or any other part of the Public Record filed by or on behalf of the Corporation;
 - (iii) any prohibition or restriction of trading in the securities of the Corporation or any prohibition or restriction affecting the distribution of the Offered Shares imposed by any competent authority if such prohibition or restriction is based on any

misrepresentation or alleged misrepresentation of a kind referred to in subsection 8(a)(ii);

- (iv) any order made or any inquiry, investigation (whether formal or informal) or other proceeding commenced or threatened by any one or more competent authorities prohibiting, restricting, relating to or materially affecting the trading or distribution of the Offered Shares;
- (v) any breach of, default under or non-compliance by the Corporation with any requirements of the applicable Securities Laws, the by-laws, rules or regulations of the Exchange or any representation, warranty, term or condition of this Agreement or in any certificate or other document delivered by or on behalf of the Corporation hereunder or pursuant hereto; or
- (vi) the exercise by any subscriber for Offered Shares of any contractual or statutory right of rescission for damages in connection with the purchase of the Offered Shares (other than based on any information or statements relating solely to the Agents);

provided, however, no party who has engaged in any fraud, wilful misconduct or gross negligence, as determined by a court of competent jurisdiction in a final judgment that has become non-appealable, shall be entitled, to the extent that the liabilities, claims, losses, costs, damages or expenses were caused primarily by such activity, to indemnification from any person who has not engaged in such fraud, wilful misconduct or gross negligence (provided that for greater certainty, the foregoing shall not disentitle an Agent from claiming indemnification hereunder to the extent that the gross negligence, if any, relates to the Agent's failure to conduct adequate "**due diligence**"), and in such case the indemnity provided for in this section shall cease to apply and such Indemnified Person shall promptly reimburse the Corporation for any funds advanced to the Indemnified Person in respect of such liabilities, claims, suits, proceedings, demands, losses, costs, damages and expenses.

- (b) If any claim contemplated by subsection 8(a) shall be asserted against any Indemnified Person in respect of which indemnification is or might reasonably be considered to be provided for in such subsection, such Indemnified Person shall notify the Corporation (provided that failure to so notify the Corporation of the nature of such claim in a timely fashion shall relieve the Corporation of liability hereunder only if and to the extent that such failure materially prejudices the ability to defend such claim) as soon as possible of the nature of such claim and the Corporation shall be entitled (but not required) to assume the defence of any suit brought to enforce such claim, provided however, that the defence shall be through legal counsel selected by the Corporation and acceptable to the Indemnified Person acting reasonably and that no admission of liability or settlement may be made by the Corporation or the Indemnified Person without the prior written consent of the other, such consent not to be unreasonably withheld. The Indemnified Person shall have the right to retain its own counsel in any proceeding relating to a claim contemplated by subsection 8(a) if:
 - (i) the Indemnified Person has been advised by counsel that representation of the Indemnified Person and the Corporation by the same counsel would be

inappropriate due to the actual or potential differing interests between them, including that there may be a reasonable legal defense available to the Indemnified Person which is different from or additional to a defense available to the Corporation (in which case the Corporation shall not have the right to assume the defense of such proceedings on the Indemnified Person's behalf);

- (ii) the Corporation shall not have taken the defense of such proceedings and employed counsel within ten (10) days after notice has been given to the Corporation of commencement of such proceedings; or
- (iii) the employment of such counsel has been authorized by the Corporation in connection with the defense of such proceedings;

and, in any such event, the reasonable fees and expenses of such Indemnified Person's counsel (on a solicitor and his client basis) shall be paid by the Corporation, provided that the Corporation shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one law firm in any single jurisdiction for all such Indemnified Persons.

- (c) The Corporation hereby waives its rights to recover contribution from the Agents with respect to any liability of the Corporation by reason of or arising out of any misrepresentation in the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum, any Supplementary Material or any other part of the Public Record provided, however, that such waiver shall not apply in respect of liability caused directly or incurred directly by reason of: (i) any misrepresentation which is based upon information relating solely to the Agents contained in such document and furnished to the Corporation by the Agents expressly for inclusion in the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum, any Supplementary Material or any other part of the Public Record; or (ii) any failure by the Agents to provide to prospective purchasers of Offered Shares any document which the Corporation is required to provide to such prospective purchasers pursuant to Applicable Securities Law and which the Corporation has provided to the Agents to forward such prospective purchasers, provided that the Corporation has complied with Section 6.
- (d) If any legal proceedings shall be instituted against the Corporation in respect of the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum, any Supplementary Material or any other part of the Public Record or the Offered Shares or if any regulatory authority or stock exchange shall carry out an investigation of the Corporation in respect of the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum, any Supplementary Material or any other part of the Public Record or the Offered Shares and, in either case, any Indemnified Person is required to testify, or respond to procedures designed to discover information, in connection with or by reason of the services performed by the Agents hereunder, the Indemnified Persons may employ their own legal counsel and the Corporation shall pay and reimburse the Indemnified Persons for the reasonable fees, charges and disbursements (on a full indemnity basis) of such legal counsel, the other expenses reasonably incurred by the Indemnified

Persons in connection with such proceedings or investigation and a fee at the normal per diem rate for any director, officer or employee of the Agents involved in the preparation for or attendance at such proceedings or investigation.

- (e) The rights and remedies of the Indemnified Persons set forth in Sections 8, 9 and 10 (in the case of the Agents) hereof are to the fullest extent possible in law cumulative and not alternative and the election by any Agent or other Indemnified Person to exercise any such right or remedy shall not be, and shall not be deemed to be, a waiver of any other rights and remedies.
- (f) The Corporation hereby acknowledges that the Agents are acting as agents for the Agents' respective affiliates, agents, directors, officers, shareholders and employees under this Section 8 and under Section 9 with respect to all such affiliates, agents, directors, officers, shareholders and employees.
- (g) The Corporation waives any right it may have of first requiring an Indemnified Person to proceed against or enforce any other right, power, remedy or security or claim or to claim payment from any other person before claiming under this indemnity. It is not necessary for an Indemnified Person to incur expense or make payment before enforcing such indemnity.
- (h) The rights of indemnity contained in this Section 8 shall not apply if the Corporation has complied with the provisions of Sections 3, 4, 5 and 6 and the person asserting any claim contemplated by this Section 8 was not provided with a copy of the Prospectus or any amendment to the Prospectus or other document which corrects any misrepresentation or alleged misrepresentation which is the basis of such claim and which was required, under Applicable Securities Laws, to be delivered to such person by the Agents.
- (i) If the Corporation has assumed the defense of any suit brought to enforce a claim hereunder, the Indemnified Person shall provide the Corporation copies of all documents and information in its possession pertaining to the claim, take all reasonable actions necessary to preserve its rights to object to or defend against the claim, consult and reasonably cooperate with the Corporation in determining whether the claim and any legal proceeding resulting therefrom should be resisted, compromised or settled and reasonably cooperate and assist in any negotiations to compromise or settle, or in any defense of, a claim undertaken by the Corporation.

9. Contribution

In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this Agreement is due in accordance with its terms but is, for any reason, held by a court to be unavailable from the Corporation on grounds of policy or otherwise, the Corporation and the party or parties seeking indemnification shall contribute to the aggregate liabilities, claims, demands, losses (other than losses of profit), costs (including, without limitation, legal fees and disbursements on a full indemnity basis), damages and expenses (or claims, actions, suits or proceedings in respect thereof) to which they may be subject or which they may suffer or incur:

- (a) in such proportion as is appropriate to reflect the relative benefit received by the Corporation on the one hand, and by the Agents on the other hand, from the offering of the Offered Shares; or
- (b) if the allocation provided by subsection 9(a) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in subsection 9(a) above but also to reflect the relative fault of the Agents on the one hand, and the Corporation, on the other hand, in connection with the statements, commissions or omissions or other matters which resulted in such liabilities, claims, demands, losses, costs, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Corporation, on the one hand, and the Agents, on the other hand, shall be deemed to be in the same proportion that the total proceeds of the Offering received by the Corporation (net of fees but before deducting expenses) bear to the fees received by the Agents. In the case of liability arising out of the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum or any Supplementary Material, the relative fault of the Corporation, on the one hand, and of the Agents, on the other hand, shall be determined by reference, among other things, to whether the misrepresentation or alleged misrepresentation, order, inquiry, investigation or other matter or thing referred to in Section 8 relates to information supplied or which ought to have been supplied by, or steps or actions taken or done on behalf of or which ought to have been taken or done on behalf of the Corporation or the Agents and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such misrepresentation or alleged misrepresentation, order, inquiry, investigation or other matter or thing referred to in Section 8.

The amount paid or payable by an Indemnified Person as a result of liabilities, claims, demands, losses (other than losses of profit), costs, damages and expenses (or claims, actions, suits or proceedings in respect thereof) referred to above shall, without limitation, include any legal or other expenses reasonably incurred by the Indemnified Person in connection with investigating or defending such liabilities, claims, demands, losses, costs, damages and expenses (or claims, actions, suits or proceedings in respect thereof) whether or not resulting in any action, suit, proceeding or claim.

Each of the Corporation and the Agents agree that it would not be just and equitable if contributions pursuant to this Agreement were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to in the immediately preceding paragraphs. The rights to contribution provided in this Section 9 shall be in addition to, and without prejudice to, any other right to contribution which the Agents or other Indemnified Persons may have.

Any liability of an Agent under this Section 9 shall be limited to the amount actually received by the Agent under Section 2.

10. Expenses

Whether or not the transactions contemplated herein shall be completed all reasonable costs and expenses (including applicable taxes) of or incidental to the transactions contemplated hereby including, without limitation those relating to the creation, issue, sale or distribution of the Offered Shares, shall be borne by the Corporation including, without limitation:

- (a) all costs and expenses of or incidental to the preparation, filing, reproduction (including the commercial copies thereof) of the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum, any Supplementary Material and the delivery thereof to the Agents;
- (b) the fees and expenses of the Corporation's counsel;
- (c) the fees and expenses of agent counsel retained by the Corporation or the Corporation's counsel;
- (d) the fees and expenses of the Corporation's transfer agent and any auditors, engineers and other outside consultants;
- (e) all stock exchange listing fees;
- (f) the reasonable fees (to a maximum of \$75,000) and the reasonable disbursements of Agents' Canadian counsel (such fees and disbursements to exclude the fees and disbursements of any UK, European or United States counsel retained by the Agents) plus any applicable taxes;
- (g) the reasonable fees (to a maximum of \$15,000) and the reasonable disbursements of Agents' United States counsel, if any, plus any applicable taxes; and
- (h) the reasonable out-of-pocket expenses of the Agents (to a maximum of \$25,000) plus any applicable taxes.

Payment of any expenses of the Agents that are reimbursable hereunder shall be made by certified cheque or bank draft to GMP FirstEnergy (or as GMP FirstEnergy may direct) at the Closing Time (or such amounts may be deducted from the subscription proceeds from the issuance of the Offered Shares hereunder by delivery a net certified cheque, bank draft or wire transfer as contemplated by subsection 13(a) hereof) as a prepaid estimate of the legal fees and disbursements of Agents' counsel (and out-of-pocket expenses of the Agents), such amount to be disbursed by GMP FirstEnergy on behalf of the Agents. Any balance remaining after payment of all invoices will be returned by GMP FirstEnergy to the Corporation.

11. Termination

- (a) The Agents, or any of them, may, without liability, terminate their obligations hereunder, by written notice to the Corporation in the event that after the date hereof and at or prior to the Closing Time:
 - (i) an order is made to cease or suspend trading in any securities of the Corporation, or to prohibit or restrict the distribution of any of the Offered Shares, or if proceedings are announced, commenced or threatened for the making of any such orders, by any Securities Commission or similar regulatory authority, a stock exchange on which the securities of the Corporation are listed or by any other competent authority, and such order has not been rescinded, revoked or withdrawn, or such announced, commenced or threatened proceeding has not been terminated or withdrawn;

- (ii) any inquiry, action, suit, investigation or other proceeding (whether formal or informal) in relation to the Corporation, or any of its directors or senior officers is announced, commenced or threatened by any federal, provincial, state, municipal, other governmental agency or any Securities Commission or similar regulatory authority, a stock exchange on which the securities of the Corporation are listed or by any other competent authority, or there is any change of law, regulation or policy or the interpretation or administration thereof, if, in the sole opinion of the Agents or any one of them, acting reasonably, the announcement, commencement or threat thereof or change, as the case may be, operates or could operate to prevent, suspend, hinder, delay, restrict or otherwise materially adversely affects, or may materially adversely affect, the Corporation or the trading, distribution, market price or value of the Offered Shares;
- (iii) there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence, including, without limitation, any military conflict, civil insurrection, act of terrorism, war or like event, or a governmental action, law, regulation, inquiry or any occurrence of any nature whatsoever, which, in the sole opinion of the Agents or any one of them, seriously adversely affects, or involves, or could reasonably be expected to seriously adversely affect, or involve, the financial markets or the business, operations, affairs or profitability of the Corporation or the market price or value or marketability of the Offered Shares;
- (iv) there should occur any material change, change of a material fact, occurrence, event, fact or circumstance (whether actual, anticipated, proposed, contemplated or threatened) or any development that could reasonably be expected to result in a material change or
- (v) change of a material fact, any of which, in the sole opinion of the Agents or any one of them, as determined by the Agents or any one of them in their sole discretion, could reasonably be expected to have a Material Adverse Effect on the business, operations, affairs or profitability of the Corporation or the market price or value or the marketability of the Offered Shares or other securities of the Corporation;
- (vi) the state of the financial markets in Canada or the United States is such that, in the opinion of the Agents or any one of them, acting reasonably, the Offered Shares cannot be marketed profitably;
- (vii) the Agents or any one of them determines in their sole discretion, acting reasonably, that the Corporation shall be in breach of, default under or non-compliance with any covenant, term or condition of this Agreement in any material respect, or any representation or warranty given by the Corporation in this Agreement becomes or is false in any material respect; or
- (viii) the Agents or any one of them become aware, as a result of their due diligence review or otherwise, of any adverse material information, fact or change with respect to the Corporation (in the sole opinion of the Agents or any one of them, acting reasonably) which had not been publicly disclosed or disclosed to the

Agents prior to the date hereof or which occurred after the effective date hereof but prior to the Closing Date and which would have a Material Adverse Effect on the market price or value of the Offered Shares.

- (b) The Agents, or any of them, may exercise any or all of the rights provided for in subsection 11(a) or Sections 12 or 16 notwithstanding any material change, event or state of facts and notwithstanding any act or thing taken or done by the Agents or any inaction by the Agents, whether before or after the occurrence of any material change, event or state of facts including, without limitation, any act of the Agents related to the offering or continued offering of the Offered Shares for sale and any act taken by the Agents in connection with any amendment to the Prospectus (including the execution of any amendment or any other Supplementary Material) and the Agents shall only be considered to have waived or be estopped from exercising or relying upon any of their rights under or pursuant to subsection 11(a) or Sections 12 or 16 if such waiver or estoppel is in writing and specifically waives or estops such exercise or reliance.
- (c) Any termination pursuant to the terms of this Agreement shall be effected by notice in writing delivered to the Corporation provided that no termination shall discharge or otherwise affect any obligation of the Corporation under Sections 8, 9, 10 or 17. The rights of the Agents to terminate their obligations hereunder are in addition to, and without prejudice to, any other rights or remedies they may have.
- (d) If an Agent elects to terminate its obligation hereunder as aforesaid, whether the reason for such termination is within or beyond the control of the Corporation, the liability of the Corporation hereunder with respect to such Agent shall be limited to the indemnity referred to in Section 8, the contribution rights referred to in Section 9 and the payment of expenses referred to in Section 10.

12. Closing Documents

The sale of Offered Shares by the Agents hereunder shall be conditional upon all representations and warranties and other statements of the Corporation herein being, at and as of the Closing Time, true and correct in all material respects, the Corporation having performed in all material respects, at the Closing Time, all of its obligations hereunder theretofore to be performed and the Agents receiving at the Closing Time:

- (a) favourable legal opinions of the Corporation's counsel addressed to the Agents and the Agents' Counsel, in form and substance reasonably satisfactory to the Agents, with respect to such matters as the Agents may reasonably request relating to the Corporation, the offering of the Offered Shares and the transactions contemplated hereby, including, without limitation, that:
 - (i) the Corporation has the capacity and power to own and lease its properties and assets and to conduct its business as described in the Prospectuses;
 - (ii) the Corporation has been duly incorporated, amalgamated or continued and is validly subsisting and has all requisite corporate capacity, power and authority to carry on its business as now conducted by it and to own its properties and assets

and is qualified to carry on business under the laws of each of the jurisdictions in which it carries on a material portion of its business;

- (iii) the Corporation has full corporate power and authority to enter into this Agreement and to perform its obligations set out herein and this Agreement has been duly authorized, executed and delivered by the Corporation and constitutes a legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms, except that the validity, binding effect and enforceability of the terms of agreements and documents are subject to customary qualifications and assumptions;
- (iv) the execution and delivery of this Agreement and the fulfillment of the terms hereof by the Corporation, and the performance of and compliance with the terms of this Agreement by the Corporation does not and will not result in a breach of, or constitute a default under, and does not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of or constitute a default under: (a) any applicable laws of the Province of British Columbia or the federal laws of Canada applicable therein; (b) any term or provision of the articles, notice of articles or other constating documents, as applicable, of the Corporation; (c) of which counsel is aware, any resolutions of the shareholders or directors of the Corporation; (d) of which counsel is aware, any indenture, mortgage, note, contract, agreement (written or oral), instrument, lease or other document to which the Corporation is a party or by which it is bound; or (e) of which counsel is aware, any judgment, decree or order, of any court, governmental agency or body or regulatory authority having jurisdiction over or binding the Corporation or its properties or assets;
- (v) the Offered Shares have been validly issued as fully paid and non-assessable Common Shares of the Corporation;
- (vi) the Corporation is a "reporting issuer" not in default of any requirement of the *Securities Act* (British Columbia) and the regulations thereunder and has a similar status under the Canadian Securities Laws of each of the Qualifying Provinces where Offered Shares were distributed;
- (vii) the attributes of the Offered Shares conform in all material respects with the description thereof contained in the Prospectuses;
- (viii) the Offered Shares are eligible investments as set out under the heading "Eligibility for Investment" in the Prospectuses;
- (ix) all necessary documents have been filed, all necessary proceedings have been taken and all legal requirements have been fulfilled as required under the Canadian Securities Laws of each of the Qualifying Provinces in order to qualify the Offered Shares for distribution and sale to the public in each of such Qualifying Provinces by or through investment dealers and brokers duly registered under the applicable laws of such provinces who have complied with the relevant provisions of such Canadian Securities Laws;

- (x) the Corporation has the necessary corporate power and authority to execute and deliver the Prospectuses and all necessary corporate action has been taken by the Corporation to authorize the execution and delivery by it of the Prospectuses and the filing thereof, as the case may be, in each of the Qualifying Provinces in accordance with Canadian Securities Laws;
- (xi) subject only to the Standard Listing Conditions, the Offered Shares have been conditionally accepted for listing on the Exchange and upon notice to the Exchange shall be posted for trading as at the opening of business on the Closing Date;
- (xii) Computershare Investor Services Inc. has been duly appointed by the Corporation as the transfer agent and registrar for the Common Shares (including the Offered Shares);
- (xiii) the authorized and issued capital of the Corporation;

and as to all other legal matters, including compliance with Canadian Securities Laws in any way connected with the issuance, sale and delivery of the Offered Shares as the Agents may reasonably request.

It is understood that counsel may rely on the opinions of local counsel acceptable to them as to matters governed by the laws of jurisdictions other than where they are qualified to practice law, and on certificates of officers of the Corporation, the transfer agent and the Corporation's Auditors as to relevant matters of fact. It is further understood that the Agents' counsel may rely on the opinion of the Corporation's counsel as to matters which specifically relate to the Corporation or the Offered Shares, including the issuance of the Offered Shares;

- (b) the Agents shall have received legal opinions addressed to the Agents and the Agents' counsel in form and substance satisfactory to the Agents, acting reasonably, dated as of the Closing Date, from counsel to each of the North American Subsidiaries, which counsel in turn may rely, as to matters of fact, on certificates of auditors, public officials and officers of the North American Subsidiaries, as appropriate, with respect to the following matters: (i) each of the North American Subsidiaries is a corporation existing under the laws of the jurisdiction in which it was incorporated, amalgamated or continued, as the case may be, and has all requisite corporate power to carry on its business as now conducted and to own, lease and operate its property and assets; and (ii) the percentage of the issued and outstanding shares of each of the North American Subsidiaries are registered, directly or indirectly, in the name of the Corporation;
- (c) if any Offered Shares are sold in the United States, a favourable legal opinion of Paul, Weiss, Rifkind, Wharton & Garrison LLP, the Corporation's special United States counsel, dated the Closing Date, in form and substance reasonably satisfactory to the Agents, which opinion may be subject to usual and customary qualifications for opinions of this type, to the effect that it is not necessary in connection with the offer, sale and delivery of the Offered Shares by the Corporation or to the Agents under this Agreement or in connection with the initial resale of the Offered Shares by the Agents in accordance with the provisions of this Agreement to register the Offered Shares under the U.S. Securities

Act, it being understood that no opinion is expressed as to any subsequent reoffer or resale of Offered Shares;

- (d) if any Offered Shares are sold in the UK, a favourable legal opinion of the Corporation's special UK counsel, dated the Closing Date, in form and substance reasonably satisfactory to the Agents, which opinion may be subject to usual and customary qualifications for opinions of this type;
- (e) a certificate of the Corporation dated the Closing Date, addressed to the Agents and signed on behalf of the Corporation by the President and Chief Executive Officer and the Chief Financial Officer of the Corporation or such other officers of the Corporation satisfactory to the Agents, acting reasonably, certifying that:
 - (i) the Corporation has complied with and satisfied, in all material respects, all terms and conditions of this Agreement on its part to be complied with or satisfied at or prior to the Closing Time;
 - (ii) the representations and warranties of the Corporation set forth in this Agreement are true and correct, in all material respects, at the Closing Time as if made at such time;
 - (iii) no event of a nature referred to in subsections 6(a), 6(b), 11(a)(i), 11(a)(ii) or 11(a)(iv) has occurred, or is pending, contemplated, or, to the knowledge of such officer, threatened (excluding any requirement to make any determination as to any Agent's opinion);

and each such statement shall be true and the Agents shall have no knowledge to the contrary;

- (f) a comfort letter of the Corporation's Auditors and those other auditors required to provide a "comfort letter" pursuant to subsection 4(c) addressed to the Agents and dated the Closing Date, satisfactory in form and substance to the Agents, acting reasonably, bringing the information contained in the comfort letters referred to in subsection 4(c) hereof up to the Closing Time, which comfort letters shall be not more than two Business Days prior to the Closing Date;
- (g) evidence satisfactory to the Agents, acting reasonably, that the Offered Shares have been conditionally accepted by the Exchange and upon notice to the Exchange the Offered Shares shall be posted for trading as at the opening of business on the Closing Date; and
- (h) such other certificates and documents as the Agents may request, acting reasonably.

13. Deliveries

- (a) The sale of the Offered Shares shall be completed at the Closing Time at the offices of the Corporation's counsel in Vancouver, British Columbia or at such other place as the Corporation and the Agents may agree. Subject to the conditions set forth in Section 12, the Agents, on the Closing Date, shall deliver to the Corporation, by certified cheque,

bank draft or wire transfer, the amount of \$0.20 per Offered Share sold at such time against delivery by the Corporation of:

- (i) the opinions, certificates and documents referred to in Section 12;
- (ii) proof of electronic deposit of, in the aggregate, all of the Offered Shares sold hereunder (in accordance with subsection 13(b) below) registered, subject to subsection 13(d) below, in the name of CDS & Co. or in such name or names as the Agents shall notify the Corporation in writing not less than 24 hours prior to the Closing Time; and
- (iii) payment to GMP FirstEnergy by wire transfer or such other means as the Corporation and GMP FirstEnergy may agree, of the Agents' Fee provided for in Section 2 in respect of the Offered Shares and the expenses payable to the Agents pursuant to Section 10;

or the Agents may, in their discretion, deliver by wire transfer the net amount of the amount in respect of the Offered Shares referred to above and the amount referred to in Section 13(a)(iii) above.

- (b) The Offered Shares shall be issued in uncertificated form in accordance with the rules and procedures of The Canadian Depository for Securities Limited ("**CDS**"), and accordingly, in the manner and at the times set forth in this Section 13.
- (c) The Agents will provide a direction to CDS with respect to the crediting of the Offered Shares to the accounts of the participants of CDS as shall be designated by the Agents in writing in sufficient time prior to the Closing Date to permit such crediting.
- (d) The Corporation shall cause Computershare Investor Services Inc., as registrar and transfer agent of the Offered Shares, to deposit the Offered Shares electronically with CDS, for credit to the Agents, through the non-certificated inventory system of CDS.
- (e) Notwithstanding anything to the contrary in this Section 13, all purchasers of Offered Shares under Section 4(a)(2) of the U.S. Securities Act and Rule 506(b) of Regulation D (i) shall receive definitive, physical certificates representing their Offered Shares with a legend restricting their transfer under the U.S. Securities Act and applicable state securities laws, except in compliance with an exemption therefrom or (ii) such Offered Shares sold to it shall be deposited electronically by the Corporation with CDS or its nominee, "CDS & Co", under a separate "restricted" CUSIP number.

14. Restrictions on Offerings and Transactions

The Corporation agrees that, from the date hereof and ending on the date that is 90 days following the Closing Date, it will not offer, or announce the offering of, or make or announce any agreement to issue, sell, or exchange Common Shares or securities convertible or exchangeable into Common Shares without the prior written consent of GMP FirstEnergy, such consent not to be unreasonably withheld, provided that notwithstanding the foregoing, the Corporation may, without such consent: (a) issue Common Shares pursuant to the exercise of any currently outstanding rights, agreements, options, warrants and other convertible securities, including any Common Shares to be issued pursuant to the exercise of any outstanding options granted pursuant to the Stock Option Plan or pursuant to the vesting of any

outstanding restricted share units pursuant to the RSU Plan; or (b) grant options pursuant to the Stock Option Plan or grant restricted share units pursuant to the RSU Plan.

Until completion of the Offering, the Corporation agrees not to sell or negotiate or enter into an arrangement to sell all or substantially all of the assets of the Corporation or enter into a merger or other business combination with a third party or similar transaction, which transaction does not provide for the completion of the Offering (an "**Alternative Transaction**"). In the event the Corporation enters into an agreement or makes a public announcement with respect to an Alternative Transaction prior to the completion of the Offering, the Corporation agrees to make payment to the Agents forthwith upon entering into such agreement or making such announcement in the amounts as described in Section 2 and Section 10 of this Agreement as if (i) the Offering was completed on a fully-subscribed basis and (ii) there were no President's List Subscribers.

15. Notices

Any notice or other communication to be given hereunder shall, in the case of notice to be given to the Corporation be addressed to the Corporation, c/o Mr. Wolf Regener, Chief Executive Officer, 350, 760 Paseo Camarillo, Camarillo, CA 93010 at the above address, Fax No. +1 (850) 484-9649, with a copy to:

DuMoulin Black LLP
1000, 595 Howe Street
Vancouver, BC V6C 2T5
Attention: Jason T. Sutherland and Lucy Schilling
Fax No.: (604) 687-8772

and, in the case of notice to be given to the Agents, be addressed to:

GMP FirstEnergy
1100, 311 – 6th Avenue S.W.
Calgary, AB T2P 3H2

Attention: Kevin Overstrom
Fax No.: (403) 262-0688

Haywood Securities Inc.
2910, Brookfield Place, 181 Bay Street
PO Box 808
Toronto, ON M5J 2T3
Attention: Campbell Becher
Fax No.: (416) 507-2399

Macquarie Capital Markets Canada Ltd.
3100, 421 – 7th Avenue SW
Calgary, AB T2P 4K9
Attention: Daniel J. Cristall
Fax No.: (403) 539-4365

and a copy to:

Dentons Canada LLP
1500, 850 – 2nd Street SW
Calgary, AB T2P 0R8
Attention: Lucas Tomei
Fax No.: (403) 268-3100

or to such other address as the party may designate by notice given to the other. Each communication shall be personally delivered to the addressee or sent by facsimile transmission to the addressee, and:

- (a) a communication which is personally delivered shall, if delivered before 4:00 p.m. (local time at the place of delivery) on a Business Day, be deemed to be given and received on that day and, in any other case be deemed to be given and received on the first Business Day following the day on which it is delivered; and
- (b) a communication which is sent by facsimile transmission shall, if sent on a Business Day before 4:00 p.m. (local time at the place of receipt), be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the first Business Day following the day on which it is sent.

16. Conditions

All terms, covenants and conditions of this Agreement to be performed by the Corporation shall be construed as conditions, and any breach or failure to comply with any material terms and conditions which are for the benefit of the Agents shall entitle the Agents to terminate their obligations hereunder, by written notice to that effect given to the Corporation prior to the Closing Time. The Agents may waive in whole or in part any breach of, default under or non-compliance with any representation, warranty, term or condition hereof, or extend the time for compliance therewith, without prejudice to any of their rights in respect of any other representation, warranty, term or condition hereof or any other breach of, default under or non-compliance with any other representation, warranty, term or condition hereof, provided that any such waiver or extension shall be binding on the Agents only if the same is in writing.

17. Survival of Representations and Warranties

All representations, warranties, terms and conditions herein (including, without limitation, those contained in Section 7) or contained in certificates or documents submitted pursuant to or in connection with the transactions contemplated herein shall survive the payment by the Agents for the Offered Shares and the distribution of the Offered Shares pursuant to the Prospectus and the U.S. Placement Memorandum and shall continue in full force and effect for the benefit of the Agents regardless of any investigation by or on behalf of the Agents with respect thereto.

18. Authority to Bind Agents

The Corporation shall be entitled to and shall act on any notice, waiver, extension or communication given by or on behalf of the Agents by the Co-Lead Agents, which shall represent the Agents, and which shall have the authority to bind the Agents in respect of all matters hereunder, except in respect of any settlement under Section 8 or 9, any matter referred to in Section 11.

19. Agents' Covenants

Each of the Agents, severally, and not jointly and not jointly and severally, covenants and agrees with the Corporation that:

- (a) it will offer the Offered Shares for sale to the public in the Qualifying Provinces and may, subject to the terms of this Agreement, offer and sell the Offered Shares in the United States, all in the manner contemplated by Schedule "A" attached hereto, and in the United Kingdom;
- (b) it will conduct activities in connection with the proposed offer and sale of the Offered Shares in compliance with all the Applicable Securities Laws and cause a similar covenant to be contained in any agreement entered into with any Selling Dealer Group established in connection with the distribution of the Offered Shares;
- (c) it will use all reasonable efforts to complete the distribution of Offered Shares as soon as possible;
- (d) it will not solicit offers to purchase or sell the Offered Shares or otherwise conduct activities so as to require registration of the Offered Shares or the filing of a prospectus, registration statement or other notice or document with respect to the distribution of the Offered Shares under the laws of any jurisdiction other than the Qualifying Provinces except in any jurisdiction outside of Canada in compliance with the applicable laws thereof and provided that the Agent may so solicit, trade or act within such jurisdiction only if such solicitation, trade or act is in compliance with applicable laws in such jurisdiction and does not require the qualification or registration of the
- (e) Offered Shares in that jurisdiction or the filing of a prospectus, registration statement or other notice or document with respect to the distribution of the Offered Shares under the laws of such jurisdiction and will cause a similar covenant to be contained in any agreement entered into with any Selling Dealer Group established in connection with the distribution of the Offered Shares. All offers and sales of Offered Shares made by the Agents or its U.S. Placement Agent shall comply with the requirements set forth in Schedule "A" hereto. The Agent shall be entitled to assume that the Offered Shares are qualified for distribution in the Qualifying Provinces where the Final Passport System Decision Document has been issued signifying that a receipt, deemed or otherwise, for the Prospectus has been obtained from the Securities Commissions following the filing of the Prospectus unless the Agent receives notice to the contrary from the Corporation or the Securities Commissions;
- (f) as soon as reasonably practicable after the Closing Date (and in any event within 30 days thereof), it will provide the Corporation with a breakdown of the number of Offered Shares sold in each of the Qualifying Provinces and, upon completion of the distribution of the Offered Shares, provide to the Corporation and to the Securities Commissions notice to that effect, if required by Canadian Securities Laws;
- (g) it and its affiliates shall make all communications, invitations and inducements and conduct all other activities relating to the offer and sale of the Offered Shares in or into the United Kingdom only in accordance with UK Securities Laws and shall not offer any of the Offered Shares to the public in the United Kingdom within the meaning of sections 85 and 102B of FSMA;

- (h) it and its affiliates have conducted their activities in connection with the sale of the Offered Shares in compliance with UK Securities Laws on a basis exempt from section 21 of FSMA and any prospectus or similar disclosure or registration requirement of applicable securities legislation, all in the manner contemplated by this Agreement and specially that they not offered or sold and shall not offer or sell any Offered Shares to persons in the United Kingdom in connection with the offering of Offered Shares except to persons who are (a) a "qualified investors" within the meaning of Section 86(7) of FSMA acting as principal or in circumstances to which section 86(2) of FSMA applies and (b) also fall within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a)-(d) (high net worth companies, unincorporated associations, etc.) of the United Kingdom Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "**Financial Promotions Order**"); and
- (i) (to the extent applicable to it): (i) it is aware of its obligations in connection with the Criminal Justice Act 1993, the Proceeds of Crime Act 2002, the Terrorism Act 2003, and Part VIII of FSMA; and (ii) it has identified its client(s) in accordance with the Money Laundering Regulations 2007 or any equivalent laws or representations in any jurisdiction other than England and Wales and have complied fully with its obligations thereunder.

No Agent will be liable to the Corporation under this Section 19 or any other section of this Agreement with respect to a default by any of the other Agents or their U.S. Placement Agents but will be liable to the Corporation only for its own default and for the default of its U.S. Placement Agent.

20. Severance

If one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

21. Relationship between the Corporation and the Agents

The Corporation: (i) acknowledges and agrees that the Agents have certain statutory obligations as registrants under the Canadian Securities Laws and have relationships with their clients; (ii) acknowledges and agrees that the Agents are neither the agents of the Corporation nor otherwise fiduciaries of the Corporation; and (iii) consents to the Agents acting hereunder while continuing to act for their clients. To the extent that the Agents' statutory obligations as registrants under Canadian Securities Laws or relationships with their clients conflicts with their obligations hereunder the Agents shall be entitled to fulfil their statutory obligations as registrants under Canadian Securities Laws and their duties to their clients. Nothing in this Agreement shall be interpreted to prevent the Agents from fulfilling their statutory obligations as registrants under Canadian Securities Laws or to act on behalf of their clients.

22. Stabilization

In connection with the distribution of the Offered Shares, the Agents may effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail on the open market, but in each case only as permitted by applicable law. Such stabilizing transactions, if any, may be discontinued at any time.

23. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein. Each of the Corporation and the Agents hereby attorn to the non-exclusive jurisdiction of the courts of the Province of British Columbia.

24. Time of the Essence

Time shall be of the essence of this Agreement.

25. Counterpart Execution

This Agreement may be executed in one or more counterparts each of which so executed shall constitute an original and all of which together shall constitute one and the same agreement. Delivery of counterparts may be effected by facsimile transmission.

26. Further Assurances

Each party to this Agreement covenants and agrees that from time to time, it will, at the request of the requesting party, execute and deliver all such documents and do all such other acts and things as any party hereto, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or of any agreement or other document executed pursuant to this Agreement or any of the respective obligations intended to be created hereby or thereby.

27. U.S. Offers

- (a) The Agents, severally, and not jointly and not jointly and severally, make the representations, warranties, covenants and agreements applicable to them in Schedule "A" hereto, which is incorporated by reference and forms part of this Agreement, for the benefit of the Corporation, to comply with the U.S. selling restrictions imposed by the laws of the United States and set forth in Schedule "A" hereto.
- (b) Notwithstanding the foregoing provisions of this Section 27, no Agent will be liable to the Corporation under this Section 27 with respect to a default by any of the other Agents or their U.S. Placement Agents but will be liable to the Corporation only for its own default and for the default of its U.S. Placement Agent.
- (c) The Corporation makes the representations, warranties, covenants and agreements applicable to it in Schedule "A" hereto.

28. Entire Agreement

It is understood that the terms and conditions of this Agreement supersede any previous verbal or written agreement between the Agents and the Corporation.

[Remainder of page intentionally blank; signature page follows.]

If the foregoing is in accordance with your understanding and is agreed to by you, please confirm your acceptance by signing the enclosed copies of this letter at the place indicated and by returning the same to the Co-Lead Agents.

GMP SECURITIES L.P.

By: (signed) "Kevin Overstrom"

HAYWOOD SECURITIES INC.

By: (signed) "Campbell Becher"

MACQUARIE CAPITAL MARKETS CANADA LTD.

By: (signed) "Daniel J. Cristall"

By: (signed) "Chad Dundas"

ACCEPTED AND AGREED to as of the date of this Agreement.

BNK PETROLEUM INC.

By: (signed) "Wolf Regener"

SCHEDULE "A"

COMPLIANCE WITH UNITED STATES SECURITIES LAWS

1. For the purposes of this Schedule "A", the following terms have the meanings indicated:
 - 1.1 **"Accredited Investors"** means "accredited investors" as defined in Rule 501(a) of Regulation D;
 - 1.2 **"Affiliate"** means "affiliate" as that term is defined in Rule 405 under the U.S. Securities Act;
 - 1.3 **"Directed Selling Efforts"** means "**directed selling efforts**" as defined in Rule 902(c) of Regulation S and, without limiting the foregoing, but for greater clarity, it means, subject to the exclusions from the definition of directed selling efforts contained in Regulation S, any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the Offered Shares, and includes the placement of any advertisement in a publication with a general circulation in the United States that refers to the offering of the Offered Shares;
 - 1.4 **"FINRA"** means the Financial Industry Regulatory Authority, Inc.;
 - 1.5 **"Foreign Issuer"** means a "**foreign issuer**" as that term is defined in Regulation S;
 - 1.6 **"General Solicitation or General Advertising"** means "**general solicitation or general advertising**", as used in Rule 502(c) of Regulation D, including, but not limited to, advertisements, articles, notices or other communications published on the Internet or in any newspaper, magazine or similar media or broadcast over radio, television or on the Internet, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising;
 - 1.7 **"Qualified Institutional Buyer"** means a "**qualified institutional buyer**" as defined in Rule 144A;
 - 1.8 **"Regulation D"** means Regulation D promulgated under the U.S. Securities Act;
 - 1.9 **"Regulation S"** means Regulation S promulgated under the U.S. Securities Act;
 - 1.10 **"Rule 144A"** means Rule 144A promulgated under the U.S. Securities Act;
 - 1.11 **"SEC"** means the United States Securities and Exchange Commission;
 - 1.12 **"Substantial U.S. Market Interest"** means "**substantial U.S. market interest**" as defined in Regulation S;
 - 1.13 **"U.S. Placement Agents"** means the U.S. registered broker-dealer affiliates of the Agents that make offers and/or sales in the United States; and
 - 1.14 **"U.S. Exchange Act"** means the United States Securities Exchange Act of 1934, as amended.

- 1.14.1 **"U.S. QIB Letter"** means the U.S. Qualified Institutional Buyer Letter, the form of which is attached as Exhibit A to the Final U.S. Placement Memorandum; and
- 1.14.2 **"U.S. Purchaser Letter"** means the U.S. Purchaser Letter, the form of which is attached as Exhibit B to the Final U.S. Placement Memorandum.

Capitalized terms used in this Schedule "A" but not defined herein have the meanings ascribed to them in the Agency Agreement to which this Schedule "A" is attached.

- 2. The Agents may offer and sell the Offered Shares on the terms and subject to the conditions of this Schedule "A". In connection therewith, the Corporation represents, warrants and covenants that:
 - 2.1 the Corporation is, and at the Closing Time will be, a Foreign Issuer and reasonably believes there is and will be at such times no Substantial U.S. Market Interest in the Common Shares;
 - 2.2 none of the Corporation, its affiliates or any person acting on its or their behalf (other than the Agents, U.S. Placement Agents, any members of the Selling Dealer Group, and any person acting on their behalf, as to which the Corporation makes no representation, warranty or covenant) has engaged or will engage in any Directed Selling Efforts;
 - 2.3 the Corporation is not, and following the application of the proceeds of the sale of the Offered Shares in the manner described in the U.S. Placement Memorandum and the Prospectus, will not be, registered or required to be registered as an **"investment company"** under the United States Investment Company Act of 1940, as amended;
 - 2.4 none of the Corporation, its affiliates or any person acting on its or their behalf (other than the Agents, U.S. Placement Agents, any members of the Selling Dealer Group, and any person acting on their behalf, as to which the Corporation makes no representation, warranty or covenant) has engaged or will engage in any form of General Solicitation or General Advertising or in any conduct involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act in connection with any offer or sale of the Offered Shares in the United States;
 - 2.5 so long as any of the Offered Shares are outstanding and are **"restricted securities"** within the meaning of Rule 144(a)(3) under the U.S. Securities Act and not eligible for resale pursuant to Rule 144(b)(1) under the U.S. Securities Act, the Corporation will, if it is neither subject to and in compliance with the reporting requirements of Section 13 or Subsection 15(d) of the U.S. Exchange Act nor exempt from such requirements pursuant to Rule 12g3-2(b) thereunder, provide to any holder of those restricted securities, or to any prospective purchaser of those restricted securities designated by a holder, upon the request of that holder or prospective purchaser, at or prior to the time of sale, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act (so long as providing such information is required in order to permit holders of the restricted securities to effect resales under Rule 144A);
 - 2.6 none of the Corporation, its affiliates or any person acting on its or their behalf (other than the Agents, U.S. Placement Agents, any members of the Selling Dealer Group, and any

person acting on their behalf, as to which the Corporation makes no representation, warranty or covenant), have taken, or will take, any action that would cause the exclusion from registration provided by Rule 903 of Regulation S, or the exemptions from registration provided by Rule 144A and Regulation D, to be unavailable for the offer and sale of the Offered Shares pursuant to this Schedule "A" and the Agency Agreement to which it is attached;

- 2.7 the Offered Shares are not, and as of the Closing Time the Offered Shares will not be, and no securities of the same class as the Offered Shares are or will be, listed on a national securities exchange in the United States registered under Section 6 of the U.S. Exchange Act, quoted in an "**automated inter- dealer quotation system**", as such term is used in Rule 144A(d)(3), or convertible or exchangeable at an effective conversion premium (calculated as specified in Section (a)(6) or (a)(7) of Rule 144A) of less than ten percent for securities so listed or quoted;
- 2.8 the Corporation will, within prescribed time periods, prepare and file any forms or notices required under the U.S. Securities Act or applicable state securities laws to be filed by it in connection with the offer and sale of the Offered Shares;
- 2.9 except with respect to sales of Offered Shares made directly by the Corporation to Accredited Investors in transactions in accordance with section 4(a)(2) of the U.S. Securities Act and Rule 506(b) of Regulation D thereunder, all in accordance with this Schedule "A", none of the Corporation, any of its Affiliates, or any person acting on its or their behalf (other than the Agents, their Affiliates, any member of the Selling Dealer Group and any person acting on their behalf) has made or will make any offer to sell, any solicitation of an offer to buy, or any sale of Offered Shares to a person in the United States;
- 2.10 the Corporation has not and will not, during the period beginning six months prior to the commencement of the offering of the Offered Shares and during the six-month period commencing on the Closing Date, offer or sell, or solicit any offer to buy, any securities of the Corporation in the United States in a manner that would be integrated with the offer and sale of the Offered Shares and would cause exemptions from the registration requirement of the U.S. Securities Act afforded by Rule 144A or section 4(a)(2) of the U.S. Securities Act and Rule 506(b) of Regulation D thereunder, or the exclusion from such registration requirement afforded by Rule 903 of Regulation S, to become unavailable with respect to the offer and sale of the Offered Shares pursuant to the Agency Agreement to which this Schedule "A" is attached;
- 2.11 none of the Corporation or any of its predecessors or Affiliates have been subject to any order, judgment or decree of any court of competent jurisdiction temporarily, preliminarily or permanently enjoining such person for failure to comply with Rule 503 of Regulation D;
- 2.12 with respect to the Offered Shares to be offered and sold in reliance on Rule 506(b) of Regulation D (the "**Regulation D Securities**"), none of the Corporation, any of its predecessors, any affiliated issuer, any director, executive officer, other officer of the Corporation participating in the offering of the Offered Shares, any beneficial owner of 20% or more of the Corporation's outstanding voting equity securities, calculated on the basis of voting power, nor any promoter (as that term is defined in Rule 405 under the U.S. Securities Act) connected with the Corporation in any capacity at the time of sale of the Offered Shares (but excluding the Agents, their Affiliates, any member of the Selling Dealer Group and any person acting on their behalf) (each, an "**Issuer Covered Person**" and, together, "**Issuer Covered Persons**") is subject to any of the "Bad Actor"

disqualifications described in Rule 506(d)(1)(i) to (viii) of Regulation D (a "**Disqualification Event**"), except for a Disqualification Event covered by Rule 506(d)(2) or (d)(3) of Regulation D. If any Regulation D Securities are being sold, the Corporation has exercised, or will exercise prior to the Closing Date, reasonable care to determine whether any Issuer Covered Person is subject to a Disqualification Event. The Corporation has complied or will comply prior to the Closing Date, to the extent applicable, with its disclosure obligations under Rule 506(e) of Regulation D, and has furnished to the Agents and the U.S. Placement Agents a copy of any disclosures provided thereunder;

- 2.13 the Corporation is not aware of any person (other than any Issuer Covered Person or Dealer Covered Person (as defined below)) that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of any Regulation D Securities;
 - 2.14 the Corporation will notify the Agents and the U.S. Placement Agents, in writing, prior to the Closing Date, of (i) any Disqualification Event relating to any Issuer Covered Person and (ii) any event that would, with the passage of time, become a Disqualification Event relating to any Issuer Covered Person; and
 - 2.15 in connection with offers and sales of Offered Shares outside the United States, the Corporation, its affiliates and any person acting on its or their behalf (other than the Agents, U.S. Placement Agents, any members of the Selling Dealer Group, and any person acting on their behalf, as to which the Corporation makes no representation, warranty or covenant) have complied and will comply with the requirements for an "**offshore transaction**", as such term is defined in Regulation S, and all such offers and sales have otherwise been and will be made in accordance with the requirements of Rule 903 of Regulation S.
3. Each Agent acknowledges that the Offered Shares have not been and will not be registered under the U.S. Securities Act or applicable state securities laws and may be offered and sold only in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, each Agent, severally, and not jointly and not jointly and severally represents, warrants and covenants, and will cause its U.S. Placement Agent to comply with such representations, warranties and covenants, that:
- 3.1 it has not offered or sold, and will not offer or sell, any Offered Shares constituting part of its allotment except (i) within the United States in accordance with this Schedule "A", or (ii) in an "**offshore transaction**" within the meaning of such term in Regulation S, and otherwise in accordance with Rule 903 of Regulation S. Accordingly, it has not offered and sold, and will not offer and sell, any Offered Shares except: (A) outside the United States in an "offshore transaction" in accordance with Rule 903 of Regulation S or (B) (i) for offers and sales in the United States to Qualified Institutional Buyers in accordance with Rule 144A and/or (ii) to Accredited Investors in accordance with the exemption from the registration requirement of the U.S. Securities Act provided by section 4(a)(2) of the U.S. Securities Act and Rule 506(b) of Regulation D thereunder, in each case in compliance with applicable state securities laws, and as provided in this Schedule "A". Neither the Agents nor any of its Affiliates, nor any persons acting on their behalf, has engaged or will engage in any Directed Selling Efforts with respect to the Offered Shares;

- 3.2 none of it, its affiliates or any person acting on its or their behalf has engaged or will engage in any form of General Solicitation or General Advertising or in any conduct involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act in connection with its offers or sales of the Offered Shares in the United States;
- 3.3 all offers and sales of the Offered Shares in the United States have been and will be effected through its U.S. Placement Agent, which shall be duly registered as a broker or dealer with the SEC under the U.S. Exchange Act, registered in all applicable states pursuant to such states' broker-dealer laws (unless exempted from the applicable state's broker-dealer registration requirements) and be a member in good standing with FINRA, in each case, on the date hereof and at the date of any offer or sale of Offered Shares in the United States, and such offers and sales have been and will be made in compliance with all applicable United States federal and state broker-dealer requirements;
- 3.4 its U.S. Placement Agent is on the date hereof and will be at the Closing Date, a Qualified Institutional Buyer;
- 3.5 all sales of Offered Shares pursuant to section 4(a)(2) of the U.S. Securities Act and Rule 506(b) of Regulation D thereunder shall be made directly by the Corporation;
- 3.6 in connection with the offer and sale of the Offered Shares in the United States, it has not used and will not use any written material other than the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum and, if applicable, any Marketing Documents;
- 3.7 each offeree in the United States has been or will be provided by the Agent through its U.S. Placement Agent with a copy of one or both of the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum and, if applicable, any Marketing Documents, and each purchaser in the United States or who was offered Offered Shares in the United States shall be provided with a copy of the U.S. Placement Memorandum at or prior to the time of purchase of any Offered Shares by such purchaser;
- 3.8 all purchasers of the Offered Shares in the United States or who were offered Offered Shares in the United States who are purchasing pursuant to Rule 144A shall purchase such shares from an Agent, or its U.S. Placement Agent, acting as principal;
- 3.9 it had reason to believe that all offers and sales in the United States were made to persons with knowledge and experience in financial and business matters such that he, she or it was capable of evaluating the merits and risks of the prospective investment in the Offered Shares;
- 3.10 any offer, sale or solicitation of an offer to buy Offered Shares (other than the Regulation D Securities) that has been made or will be made in the United States was or will be made only to a person it reasonably believes to be a Qualified Institutional Buyer who is acquiring the Offered Shares (i) for its own account or (ii) for the account of a Qualified Institutional Buyer with respect to which it exercises sole investment discretion in a transaction that is in compliance with the exemption from registration under the U.S. Securities Act available under Rule 144A and in compliance with, or pursuant to an exemption from, the registration or qualification requirements of all applicable state securities laws;

- 3.11 all purchasers of the Offered Shares who are buying the Offered Shares in the United States shall be informed that the Offered Shares are being offered and sold to such purchasers in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A or section 4(a)(2) of the U.S. Securities Act and Rule 506(b) of Regulation D thereunder, as applicable, and similar exemptions from the registration requirements of applicable state securities laws; and
 - 3.12 immediately prior to soliciting offerees in the United States and at the time of completion of each sale to a person in the United States or who was offered Offered Shares in the United States, the Agent had or shall have reasonable grounds to believe and did or will believe that each such offeree and purchaser of Offered Shares was a Qualified Institutional Buyer or an Accredited Investor;
 - 3.13 prior to the completion of any sale of the Offered Shares (i) directly by the Corporation to an Accredited Investor pursuant to section 4(a)(2) of the U.S. Securities Act and Rule 506(b) of Regulation D thereunder, each such Accredited Investor will be required to execute a U.S. Purchaser Letter, the form of which is attached as Exhibit B to the Final U.S. Placement Memorandum and (ii) by the Agent through its U.S. Placement Agent to a Qualified Institutional Buyer pursuant to Rule 144A, each such Qualified Institutional Buyer will be required to executed a U.S. QIB Letter, the form of which is attached as Exhibit A to the Final U.S. Placement Memorandum;
 - 3.14 with respect to the Regulation D Securities, neither it, nor any of its directors, executive officers, general partners, managing members, other officers participating in offers and sales to Accredited Investors pursuant to Rule 506(b) of Regulation D or any other person associated with or acting on behalf of the above persons (including, but not limited to, its U.S. Placement Agent) that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of the Regulation D Securities (each, a “**Dealer Covered Person**” and, together, “**Dealer Covered Persons**”), is subject to any Disqualification Event except for a Disqualification Event (i) covered by Rule 506(d)(2) of Regulation D and (ii) a description of which has been furnished in writing to the Corporation prior to the date hereof or, in the case of a Disqualification Event occurring after the date hereof, prior to the Closing Date;
 - 3.15 it represents that it is not aware of any person (other than any Issuer Covered Person or Dealer Covered Person) that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of any Regulation D Securities. It will notify the Corporation, prior to the Closing Date, of any agreement entered into between it and any such person in connection with such sale; and
 - 3.16 it will notify the Corporation, in writing, prior to the Closing Date, of (i) any Disqualification Event relating to any Dealer Covered Person not previously disclosed to the Corporation in accordance with section 3.14 and (ii) any event that would, with the passage of time, become a Disqualification Event relating to any Dealer Covered Person.
4. Each Agent agrees, severally and not jointly and severally, that:
 - 4.1 it will request its U.S. Placement Agent to provide the Corporation or Computershare Investor Services Inc., at least one business day prior to the Closing Date, with a list of all purchasers of the Offered Shares in the United States and all purchasers that were offered Offered Shares in the United States;

- 4.2 at the Closing Time, it, together with its U.S. Placement Agent offering or selling Offered Shares in the United States, will provide a certificate, substantially in the form of Exhibit A to this Schedule "A" relating to the manner of the offer and sale of the Offered Shares in the United States or will be deemed to have represented that neither it nor its U.S. Placement Agent offered or sold Offered Shares in the United States;
 - 4.3 the Agents will cause each member of the Selling Dealer Group to acknowledge in writing, for the benefit of the Corporation, its agreement to be bound by the provisions of this Schedule "A" in connection with all offers and sales of the Offered Shares. It has not and will not make any other contractual arrangement for the distribution of the Offered Shares in the United States without the prior written consent of the Corporation;
 - 4.4 all Offered Shares sold in the United States under Section 4(a)(2) of the U.S. Securities Act and Rule 506(b) of Regulation D as part of this offering will be issued under a restricted CUSIP or in the form of a legended certificate in accordance with subsection 13(c) of the Agency Agreement.
5. It is understood and agreed by each of the Agents, severally but not jointly and severally, that the Offered Shares may be offered and resold by the Agents, the U.S. Placement Agents and members of the Selling Dealer Group in the United States pursuant only to the provisions of Rule 144A to persons who are, or are reasonably believed by them to be, Qualified Institutional Buyers in transactions meeting the requirements of Rule 144A and in compliance with, and pursuant to an exemption from, all applicable state securities laws of the United States and this Schedule "A" and the Agency Agreement to which it is attached.

EXHIBIT A

AGENTS' CERTIFICATE

In connection with the private placement in the United States of the Offered Shares of BNK Petroleum Inc. (the "**Corporation**") pursuant to the agency agreement dated effective October 21, 2016, among the Corporation and the Agents named therein (the "**Agency Agreement**"), each of the undersigned does hereby certify in favour of the Corporation as follows:

1. the undersigned U.S. Placement Agent is on the date hereof, and was on the date of each offer and sale of Offered Shares in the United States, duly registered as a broker or dealer with the SEC under the U.S. Exchange Act and in each applicable state pursuant to such state's broker-dealer laws (unless exempted from the respective state's broker-dealer registration requirements), and a member of and in good standing with FINRA, and all offers and sales of Offered Shares in the United States have been effected by the U.S. Placement Agent in accordance with all U.S. federal and state broker-dealer requirements and in compliance with, and pursuant to an exemption from, the registration or qualification requirements of all applicable state securities laws;
2. the Offered Shares have been offered in the United States only by the U.S. Placement Agent and were either sold (i) by the Corporation to purchasers that the U.S. Placement Agent reasonably believes are Accredited Investors or (ii) by an Agent through the U.S. Placement Agent to purchasers that the U.S. Placement Agent reasonably believes are Qualified Institutional Buyers;
3. each offeree was provided with a copy of one or both of the Preliminary U.S. Placement Memorandum and the U.S. Placement Memorandum, and we provided each purchaser of Offered Shares in the United States or who was offered Offered Shares in the United States, prior to the sale of Offered Shares to such purchaser, with a copy of the U.S. Placement Memorandum, and no other written material has been used by us except any Marketing Documents, if applicable;
4. immediately prior to our transmitting any such materials to an offeree of Offered Shares in the United States, we had reasonable grounds to believe and did believe that each such offeree was a Qualified Institutional Buyer or Accredited Investor, and, on the date hereof, we continue to believe that each such offeree is a Qualified Institutional Buyer or Accredited Investor;
5. no form of General Solicitation or General Advertising was used by us in connection with offers and sales of the Offered Shares in the United States, nor have we solicited offers for or offered to sell the Offered Shares by any means involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act;
6. prior to any sale of Offered Shares to an Accredited Investor in the United States, or who was offered Offered Shares in the United States, we caused each such Accredited Investor to sign a form of U.S. Purchaser Letter, the form of which is attached as Exhibit B to the Final U.S. Placement Memorandum, and a copy of such letter has been delivered to the Corporation;
7. prior to any sale of Offered Securities to a Qualified Institutional Buyer in the United States, or who was offered Offered Shares in the United States, we caused each such Qualified Institutional

Buyer to sign a U.S. QIB Letter, the form of which is attached as Exhibit A to the Final U.S. Placement Memorandum, and a copy of such letter has been delivered to the Corporation;

8. neither we nor any of our general partners, managing members, directors, executive officers or other officers participating in the offering of the Offered Shares have engaged in any Disqualification Event; and
9. the offer and sale of the Offered Shares has been conducted by us in accordance with the terms of the Agency Agreement, including Schedule "A" attached thereto.

Unless otherwise defined, capitalized terms used in this certificate have the meanings given to them in the Agency Agreement, including Schedule "A" attached thereto.

Dated _____, 2016.

[AGENT]

[U.S. BROKER-DEALER AFFILIATE]

By: _____
Name:
Title:

By: _____
Name:
Title: