Redacted Version

OPUNAKE HYDRO LIMITED

(the “Vendor”)

- and –

CHEAL PETROLEUM LIMITED

(the “Purchaser”)

ASSET PURCHASE AGREEMENT

DATED October 30, 2015

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ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement dated October 30, 2015 is made

B E T W E E N

OPUNAKE HYDRO LIMITED

(the "Vendor")

- and –

CHEAL PETROLEUM LIMITED

(the "Purchaser")

RECITALS

A. The Vendor is willing to sell the Purchased Assets to the Purchaser.

B. The Purchaser is willing to purchase the Purchased Assets on and subject to the terms and conditions contained in this Agreement.

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each Party, the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions.

"Agreement" means this Asset Purchase Agreement, together with all the Exhibits and the Schedules attached hereto.

"Applicable Law" means, with respect to any Person, property, transaction, event or other matter, (a) any foreign or domestic constitution, treaty, law, statute, regulation, code, ordinance, principle of common law or equity, rule, municipal by-law, Order or other requirement having the force of law, (b) any policy, practice, protocol, standard or guideline of any Governmental Authority which, although not necessarily having the force of law, is regarded by such Governmental Authority as requiring compliance as if it had the force of law (collectively, in the foregoing clauses (a) and (b), "**Law**") in each case relating or applicable to such Person, property, transaction, event or other matter and also includes, where appropriate, any interpretation of Law (or any part thereof) by any Person having jurisdiction over it, or charged with its administration or interpretation.

“Business Day” means any day except Saturday, Sunday or any day on which banks are generally not open for business in Taranaki, New Zealand.

“**Cheal Site**” means the Purchaser’s Cheal A oil and gas field site located in Taranaki, New Zealand.

“Claim Notice” has the meaning set out in Section 5.3.

“Closing” means the completion of the purchase and sale of the Purchased Assets in accordance with the provisions of this Agreement.

“Closing Date” means the date specified by the Purchaser in accordance with Section 4.1.

“Closing Time” means the time of Closing on the Closing Date provided for in Section 4.1.

“Confidential Information” means, in relation to a Party (the “**Discloser**”):

(a) all information, in whatever form communicated or maintained, that the Discloser discloses to, or that is gathered by inspection by a Party (the “**Recipient**”) or any of the Recipient’s Representatives in the course of the Recipient’s review of the transactions contemplated by this Agreement, whether provided before or after the date of this Agreement, that contains or otherwise reflects information concerning the Discloser or its businesses, affairs, financial condition, assets, liabilities, operations, prospects or activities;

(b) all plans, proposals, reports, analyses, notes, studies, forecasts, compilations or other information, in any form, that are based on, contain or reflect any Confidential Information regardless of the identity of the Person preparing the same (“**Notes**”); and

(c) any matter relating to this Agreement or its terms;

but does not include any information that:

(d) is at the time of disclosure to the Recipient or thereafter becomes generally available to the public, other than as a result of a disclosure by the Recipient or any of the Recipient’s Representatives in breach of this Agreement;

(e) is or was received by the Recipient on a non-confidential basis from a source other than the Discloser or its Representatives if such source is not prohibited from disclosing the information to the Recipient by a contractual, fiduciary or other legal confidentiality obligation to, the Discloser; or

(f) was known by the Recipient prior to disclosure in connection with the transactions contemplated by this Agreement and was not subject to any contractual, fiduciary or other legal confidentiality obligation on the part of the Recipient.

"Consent" means any consent, approval, permit, waiver, ruling, exemption or acknowledgement from any Person (other than the Vendor) which is provided for or required: (a) pursuant to the terms of any lease or other contract of the Vendor; or (b) under any Applicable Law, in either case in connection with the sale of the Purchased Assets to the Purchaser on the terms contemplated in this Agreement, to permit the Purchaser to use the Purchased Assets after Closing, or which is otherwise necessary to permit the Parties to perform their obligations under this Agreement, including for greater certainty any requisite approval of the TSX Venture Exchange (the **TSXV Approval**).

"Damages" means any loss, cost, liability, claim, interest, fine, penalty, assessment, Taxes, damages available at law or in equity (including incidental, consequential, special, aggravated, exemplary or punitive damages), expense (including consultant's and expert's fees and expenses and reasonable costs, fees and expenses of legal counsel on a full indemnity basis, without reduction for tariff rates or similar reductions and reasonable costs, fees and expenses of investigation, defence or settlement) or diminution in value.

"Direct Claim" has the meaning set out in Section 5.3.

"Discloser" has the meaning set out in the definition of Confidential Information.

"Final Compulsory Payment Amount" has the meaning set out in Section 5.8(2)(b).

"Final Compulsory Payment Indemnification Event" means a Final Determination having been made regarding a liability requiring payment under Applicable Law or any Order.

"Final Determination" means a determination made by a Governmental Authority (including pursuant to a settlement) where all rights to object to or appeal from the determination (including any right to obtain relief under a competent authority or similar process) have been exhausted or have expired.

"Governmental Authority" means:

(a) any domestic or foreign government, whether national, federal, provincial, state, territorial, municipal or local (whether administrative, legislative, executive or otherwise);

(b) any agency, authority, ministry, department, regulatory body, court, central bank, bureau, board or other instrumentality having legislative, judicial, taxing, regulatory, prosecutorial or administrative powers or functions of, or pertaining to, government;

(c) any court, tribunal, commission, individual, arbitrator, arbitration panel or other body having adjudicative, regulatory, judicial, quasi-judicial, administrative or similar functions; and

(d) any other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange or professional association.

“Indemnified Party” means a Person whom the Vendor or the Purchaser, as the case may be, is required to indemnify under Article 5.

“Indemnifying Party” means, in relation to an Indemnified Party, the Party that is required to indemnify such Indemnified Party under Article 5.

“Interim Period” means the period from the date of this Agreement to the Closing Time.

“Law” has the meaning set out in the definition of “Applicable Law”.

“Legal Proceeding” means any litigation, action, application, suit, investigation, hearing, claim, complaint, deemed complaint, grievance, civil, administrative, regulatory or criminal, arbitration proceeding or other similar proceeding, before or by any court, tribunal or Governmental Authority, and includes any appeal or review thereof and any application for leave for appeal or review.

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

“Notes” has the meaning set out in paragraph (b) of the definition of Confidential Information.

“Order” means any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority.

“Party” means a party to this Agreement and any reference to a Party includes its successors and permitted assigns and **“Parties”** means every Party.

“Person” is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, a Governmental Authority, and the executors, administrators or other legal representatives of an individual in such capacity.

“Preliminary Compulsory Payment Amount” has the meaning set out in Section 5.8(2)(a).

“Purchase Price” has the meaning set out in Section 2.3.

“Purchased Assets” means the Subject Generators and, for the avoidance of doubt, does not include the VCB-02 located at the Cheal Site that the Parties agree and acknowledge is already owned by the Purchaser. For the purposes of identification, the shed housing the VCB-02 is marked as “TAG Owned VCB-02” in the picture and schematic attached as Exhibit B.

“Purchaser” has the meaning set out in the preamble to the Agreement.

“Recipient” has the meaning set out in the definition of Confidential Information.

“Related Company” has the meaning set out in section 2(3) of the Companies Act 1993 (New Zealand), provided that references in that section to a company shall be deemed to be references to any body corporate, wherever incorporated.

“Representative” when used with respect to a Person means each director, officer, employee, consultant, financial adviser, legal counsel, accountant and other agent, adviser or representative of that Person.

“Subject Generators” means 2 gas-fired generators and all related assets, as more particularly described in Schedule A and Schedule B to this Agreement.

“Taxes” means, with respect to any Person, all supranational, national, federal, provincial, state, local or other taxes, including income taxes, branch taxes, profits taxes, capital gains taxes, gross receipts taxes, windfall profits taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, licence taxes, excise taxes, franchise taxes, environmental taxes, transfer taxes, withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, pension plan premiums and contributions, social security premiums, workers' compensation premiums, employment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, sales taxes, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties.

“Tax Returns” means all returns, information returns, reports, declarations, elections, notices, filings and statements in respect of Taxes that are required to be filed with any applicable Governmental Authority, including all amendments, schedules, attachments or supplements thereto and whether in tangible or electronic form.

“Third Party Claim” has the meaning set out in Section 5.3.

“Threatened”, when used in relation to a Legal Proceeding or other matter, means that a demand or statement (oral or written) has been made or a notice (oral or written) has been given that a Legal Proceeding or other matter is to be asserted, commenced, taken or otherwise pursued in the future.

“TSXV Approval” has the meaning set out in the definition of Consent.

“Vendor” has the meaning set out in the preamble to the Agreement.

1.2 Gender and Number. In this Agreement, unless the context requires otherwise, words in one gender include all genders and words in the singular include the plural and vice versa.

1.3 Headings and Table of Contents. The inclusion in this Agreement of headings of Articles and Sections and the provision of a table of contents are for convenience of reference only and are not intended to be full or precise descriptions of the text to which they refer.

1.4 Section References. Unless the context requires otherwise, references in this Agreement to Articles, Sections, Schedules or Exhibits are to Articles or Sections of this Agreement, and Schedules or Exhibits to this Agreement.

1.5 Words of Inclusion. Wherever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation" and the words following "include", "includes" or "including" shall not be considered to set forth an exhaustive list.

1.6 References to this Agreement. The words "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions shall be construed as referring to this Agreement in its entirety and not to any particular Section or portion of it.

1.7 Statute References. Unless otherwise indicated, all references in this Agreement to any statute include the regulations thereunder, in each case as amended, re-enacted, consolidated or replaced from time to time and in the case of any such amendment, re-enactment, consolidation or replacement, reference herein to a particular provision shall be read as referring to such amended, re-enacted, consolidated or replaced provision and also include, unless the context otherwise requires, all applicable regulations, orders, codes, guidelines, bulletins, policies or other instruments made in connection therewith.

1.8 Document References. All references herein to any agreement (including this Agreement), document or instrument mean such agreement, document or instrument as amended, supplemented, modified, varied, restated or replaced from time to time in accordance with the terms thereof and, unless otherwise specified therein, includes all schedules and exhibits attached thereto.

1.9 Ordinary Course. The term "ordinary course", means any transaction which constitutes an ordinary day-to-day business activity, conducted in a commercially reasonable and businesslike manner, having no unusual or special features, and, in the case of the Vendor, consistent with past practice and, in the case of any other Person, being such as a Person of similar nature and size and engaged in a similar business might reasonably be expected to carry out from time to time.

1.10 Knowledge. Where any representation, warranty or other statement in this Agreement is expressed to be made by the Vendor to its knowledge or is otherwise expressed to be limited in scope to facts or matters known to the Vendor or of which the Vendor is aware, it shall mean such knowledge as is actually known to the officers or employees of the Vendor who have overall responsibility for or knowledge of the matters relevant to such statement.

ARTICLE 2
PURCHASE OF ASSETS

2.1 Purchase and Sale. At the Closing Time, on and subject to the terms and conditions of this Agreement, the Vendor shall sell to the Purchaser, and the Purchaser shall purchase from the Vendor, the Purchased Assets. Title to and risk in the Purchased Assets shall remain with the Vendor until Closing. At Closing, ownership of, title to and risk in the Purchased Assets shall pass to the Purchaser.

2.2 Retained Liabilities. Notwithstanding any other provision of this Agreement, the Purchaser shall not be liable for any Liabilities of the Vendor all of which shall remain the sole responsibility of, and shall be retained, paid and performed solely by, the Vendor.

2.3 Purchase Price. The consideration payable by the Purchaser to the Vendor for the Purchased Assets (the "**Purchase Price**") shall be $2,000,000 plus GST (if any);

2.4 Payment of Purchase Price. The Purchase Price shall be paid and satisfied by an amount equal to $2,000,000 plus GST (if any) being paid at Closing by the Purchaser to such bank account of the Vendor as notified by the Vendor to the Purchaser no less than five Business Days before the Closing Date.

2.5 Allocation of Purchase Price. The Parties agree that the Purchase Price shall be allocated among the Purchased Assets in the manner set forth in Exhibit A. The Purchaser and the Vendor shall report an allocation of the Purchase Price among the Purchased Assets in a manner entirely consistent with Exhibit A and shall not take any position inconsistent therewith in the filing of any Tax Returns or in the course of any audit by any Governmental Authority, Tax review or Tax proceeding relating to any Tax Returns.

2.6 GST. The Purchase Price does not include any goods and services tax ("**GST**") chargeable in accordance with the Goods and Services Tax Act 1985 ("**GST Act**"). In addition to the Purchase Price, the Purchaser shall pay to the Vendor the amount of all GST chargeable on the supply of Purchased Assets under this Agreement, subject to the Vendor providing to the Purchaser a valid tax invoice (as defined in the GST Act) in respect of that supply. The GST payable by the Purchaser under this clause shall be payable together with the Purchase Price at Closing.

2.7 Lowest Price: For the purposes of the financial arrangements rules in the Income Tax Act 2007 (New Zealand), the parties agree that the Purchase Price (as adjusted pursuant to this Agreement) is the lowest price the parties would have agreed for the sale and purchase of the Purchased Assets, on the date this Agreement was entered into, if payment would have been required in full at the time the first right in the contracted property was transferred and they will compute their taxable income for the relevant period on the basis that such Purchase Price includes no capitalised interest.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Vendor. As a material inducement to the Purchaser's entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Purchaser is entering into this Agreement in reliance upon the representations and warranties of the Vendor set out in this Section 3.1, the Vendor represents and warrants to the Purchaser as follows (both as at the date of this Agreement and as at Closing):

(1) *Incorporation and Corporate Power of Vendor*. The Vendor is a corporation incorporated, organized and subsisting under the laws of New Zealand. The Vendor has the corporate power, authority and capacity to execute and deliver this Agreement and all other agreements and instruments to be executed by it as contemplated herein and to perform its obligations hereunder and under all such other agreements and instruments.

(2) *Authorization and Enforceability.* The execution and delivery of this Agreement and all agreements and instruments to be executed and delivered hereunder have been duly authorized by all necessary corporate action on the part of the Vendor and its shareholders and this Agreement constitutes the valid and binding obligation of the Vendor enforceable against the Vendor in accordance with its terms.

(3) *Title to and Sufficiency of Purchased Assets*. The Vendor has good and marketable legal and beneficial title to all of the Purchased Assets and can transfer the same to the Purchaser, free and clear of any and all liens, charges, encumbrances, security interests (as defined in the Personal Property Securities Act 1999) and claims of any other Person and there is no agreement, option or other right or privilege outstanding in favour of any Person for the purchase from the Vendor of the Purchased Assets. The Purchased Assets and their locations are listed or described in Schedule A.

(4) *Personal Property*. No personal property included in the Purchased Assets is in the possession of a third party or is on consignment. Each item of personal property is in good operating condition and repair, ordinary wear and tear excepted, and is suitable and adequate for the purpose for which it is being used. All of the personal property included in the Purchased Assets, including its computer systems and related software and other assets, is used, operated, maintained and functions in accordance with all Applicable Laws and their functional specifications. The Vendor has appropriate information security measures in place, consistent with current industry standards and practices, to protect the confidentiality, integrity and availability of the Vendor’s information and data, back-up systems and disaster recovery and business continuity plans in place, consistent with current industry standards and practices.

(5) *Compliance with Anti-Corruption Laws*. None of the Vendor, or any of its Representatives or joint venture partners, in carrying out business anywhere in the world, have violated the anti-corruption laws of any jurisdiction.

(6) *Legal Proceedings and Orders*. There is no Legal Proceeding in progress, pending or threatened against or affecting the Vendor or any of the Purchased Assets or title thereto or which otherwise prevents it from complying with its obligations under this Agreement, nor is there any factual or legal basis on which any such Legal Proceeding might be commenced. There is no Order outstanding against or affecting the Vendor or any of the Purchased Assets.

(7) *Insurance*. The Vendor maintains insurance with a reputable provider covering the replacement value of the Purchased Assets which is no less than the Purchase Price. Each of such insurance policies is valid and subsisting and in good standing, there is no default thereunder and the Vendor is entitled to all rights and benefits thereunder. There are no claims pending under such policies.

(8) *Full Disclosure*. None of the foregoing representations and warranties and no document or other information furnished by or on behalf of the Vendor to the Purchaser or any of its Related Companies in connection with the negotiation of the transactions contemplated by this Agreement contains any untrue or misleading statement of a material fact or omits to state any material fact necessary to make any such statement or representation not misleading to a prospective purchaser of the Purchased Assets seeking full information as to the Purchased Assets.

3.2 Representations and Warranties of the Purchaser. As a material inducement to the Vendor's entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Vendor is entering into this Agreement in reliance upon the representations and warranties of the Purchaser set out in this Section 3.2, the Purchaser represents and warrants to the Vendor as follows (both as at the date of this Agreement and as at Closing):

(1) *Incorporation and Corporate Power*. The Purchaser is a corporation incorporated, organized and subsisting under the laws of New Zealand. The Purchaser has the corporate power, authority and capacity to execute and deliver this Agreement and all other agreements and instruments to be executed by it as contemplated herein and to perform its obligations under this Agreement and under all such other agreements and instruments.

(2) *Authorization and Enforceability.* The execution and delivery of this Agreement and all other agreements and instruments to be executed and delivered hereunder have been duly authorized by all necessary corporate action on the part of the Purchaser. This Agreement constitutes the valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms.

3.3 No Waiver. No investigations, inspections, surveys or tests (including pursuant to Section 6.1) made by or on behalf of the Purchaser at any time, and no updates to information from the Vendor to the Purchaser pursuant to Section 6.4(3), shall, or shall be deemed to, affect, mitigate, modify, waive, diminish the scope of or otherwise affect any representation or warranty made by the Vendor in or pursuant to this Agreement, amend any Schedule hereto, or affect any remedies available to the Purchaser, unless in each case agreed to by the Purchaser in writing.

ARTICLE 4
CLOSING ARRANGEMENTS

4.1 Closing. Immediately following the Vendor obtaining the TSXV Approval, the Vendor shall give written notice to the Purchaser confirming that such approval has been obtained. Following the receipt of the TSXV Approval, the Purchaser shall give the Vendor written notice specifying the Closing Date, provided that such date shall occur reasonably promptly following the receipt of the TSXV Approval. The Closing shall take place at 10:00 a.m. (Pacific Time) on the Closing Date at the offices Blake, Cassels & Graydon LLP in Vancouver, British Columbia, or at such other time on the Closing Date or such other place as may be agreed orally or in writing by the Vendor and the Purchaser.

4.2 Purchaser's Conditions. The Purchaser shall not be obligated to complete the transactions contemplated by this Agreement unless, at or before the Closing Time, each of the conditions listed below in this Section 4.2 has been satisfied, it being understood that the said conditions are included for the exclusive benefit of the Purchaser. The Vendor shall take all such actions, steps and proceedings as are reasonably within its control as may be necessary to ensure that the conditions listed below in this Section 4.2 are fulfilled at or before the Closing Time.

(1) *Variations to Agreements.* The Parties entering into a variation of each of the following agreements between the Parties on such terms as are agreed between the Parties: (i) the Gas Supply Agreement dated February 8, 2013 and (ii) the Electricity Services Agreement dated September 13, 2011 (as varied on February 8, 2013).

(2) *Representations and Warranties*. The representations and warranties of the Vendor in Section 3.1 shall be true and correct at the Closing.

(3) *Vendor′s Compliance and Deliverables*. The Vendor shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed or complied with at or before the Closing Time and shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all Consents, evidence of corporate proceedings having been taken and all such other assurances, consents, agreements, elections, documents and instruments, including a bring-down certificate of a senior officer of the Vendor confirming the truth of the representations and warranties in Section 3.1, as may be contemplated by this Agreement or as reasonably required by the Purchaser to complete the transactions provided for in this Agreement, all of which shall be in form and substance satisfactory to the Purchaser, acting reasonably.

(4) *No Law*. During the Interim Period, no Governmental Authority shall have enacted, issued or promulgated any Law which has the effect of (i) making any of the transactions contemplated by this Agreement illegal, or (ii) otherwise prohibiting, preventing or restraining the consummation of any of the transactions contemplated by this Agreement.

4.3 Condition Not Fulfilled. If any condition in Section 4.2 has not been fulfilled at or before February 28, 2016 or if any such condition is, or becomes, impossible to satisfy prior to February 28, 2016, other than as a result of the failure of the Purchaser to comply with its obligations under this Agreement, then the Purchaser in its sole discretion may, without limiting any rights or remedies available to the Purchaser at law or in equity, either:

(a) terminate this Agreement by notice to the Vendor, as provided in Section 4.6; or

(b) waive compliance with any such condition without prejudice to its right of termination in the event of non-fulfilment of any other condition or any claim under Section 5.2 or otherwise for Damages in respect of any breach of any representation and warranty or other breach of this Agreement by the Vendor.

4.4 Vendor’s Conditions. The Vendor shall not be obligated to complete the transactions contemplated by this Agreement unless, at or before the Closing Time, each of the conditions listed below in this Section 4.4 has been satisfied, it being understood that the said conditions are included for the exclusive benefit of the Vendor. The Purchaser shall take all such actions, steps and proceedings as are reasonably within the Purchaser’s control as may be necessary to ensure that the conditions listed below in this Section 4.4 are fulfilled at or before the Closing Time.

(1) *Variations to Agreements.* The Parties entering into a variation of each of the following agreements between the Parties on such terms as are agreed between the Parties: (i) the Gas Supply Agreement dated February 8, 2013 and (ii) the Electricity Services Agreement dated September 13, 2011 (as varied on February 8, 2013).

(2) *Representations and Warranties*. The representations and warranties of the Purchaser in Section 3.2 shall be true and correct at the Closing.

(3) *Purchaser′s Compliance and Deliverables*. The Purchaser shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed or complied with at or before the Closing Time, including payment of the amount referred to in

Section 1.1(1)(a), and shall have executed and delivered or caused to have been executed and delivered to the Vendor at the Closing all assurances, consents, agreements, documents and instruments as may be contemplated by this Agreement or as reasonably required by the Vendor to complete the transactions provided for in this Agreement, all of which shall be in form and substance satisfactory to the Vendor, acting reasonably.

(4) *No Law*. During the Interim Period, no Governmental Authority shall have enacted, issued or promulgated any Law which has the effect of (i) making any of the transactions contemplated by this Agreement illegal, or (ii) otherwise prohibiting, preventing or restraining the consummation of any of the transactions contemplated by this Agreement.

4.5 Condition Not Fulfilled. If any condition in Section 4.4 has not been fulfilled at or before February 28, 2016 or if any such condition is, or becomes, impossible to satisfy prior to February 28, 2016, other than as a result of the failure of the Vendor to comply with its obligations under this Agreement, then the Vendor in its sole discretion may, without limiting any rights or remedies available to the Vendor at law or in equity, either:

(a) terminate this Agreement by notice to the Purchaser as provided in Section 4.6; or

(b) waive compliance with any such condition without prejudice to its right of termination in the event of non-fulfilment of any other condition or any claim for Damages in respect of any breach of any representation and warranty or other breach of this Agreement by the Purchaser.

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

(a) by the mutual written agreement of the Vendor and the Purchaser;

(b) by written notice from the Purchaser to the Vendor as permitted in Section 4.3 or 6.3; or

(c) by written notice from the Vendor to the Purchaser as permitted in Section 4.5.

4.7 Effect of Termination. If this Agreement is terminated:

(a) by the Vendor or by the Purchaser under Section 4.6, subject to Section 4.7(b), all further obligations of the Parties under this Agreement shall terminate, except for the obligations under Sections 6.2, 7.6 and 7.8 (and any other section which is necessary to give effect to such sections), which shall survive such termination; or

(b) by a Party under Section 4.6(b) or 4.6(c) and the right to terminate arose because of a breach of this Agreement by the other Party (including a breach by the other Party resulting in a condition in favour of the terminating Party failing to be satisfied), then, the other Party shall remain fully liable for any and all Damages sustained or incurred by the terminating Party directly or indirectly as a result thereof.

ARTICLE 5
SURVIVAL AND INDEMNIFICATION

5.1 Survival. All provisions of this Agreement and of any other agreement, certificate or instrument delivered pursuant to this Agreement, other than the conditions in Article 4, shall not merge on Closing but shall survive the execution, delivery and performance of this Agreement, the Closing and the execution and delivery of any transfer documents or other documents of title to the Purchased Assets and all other agreements, certificates and instruments delivered pursuant to this Agreement and the payment of the consideration for the Purchased Assets.

5.2 Indemnity by the Vendor. The Vendor shall indemnify the Purchaser and save it fully harmless against, and will reimburse it for, any Damages arising from, in connection with or related in any manner whatsoever to:

(a) any incorrectness in or breach of any representation or warranty of the Vendor contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement; and

(b) any breach or any non-fulfilment of any covenant or agreement on the part of the Vendor contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement.

For greater certainty and without limiting the generality of the provisions of this Section 5.2, the indemnity provided for in Section 5.2(b) shall extend to any Damages arising from any act, omission or state of facts that occurred or existed prior to the Closing Time, and whether or not disclosed to the Purchaser or any of its Related Companies. The rights to indemnification of the Purchaser under this Section 5.2 shall apply notwithstanding any inspection or inquiries made by or on behalf of the Purchaser, or any knowledge acquired or capable of being acquired by the Purchaser (or any of its Related Companies) or facts actually known to the Purchaser (or any of its Related Companies) (whether before or after the execution and delivery of this Agreement and whether before or after Closing). The waiver of any condition based upon the accuracy of any representation and warranty or the performance of any covenant shall not affect the right to indemnification, reimbursement or other remedy based upon such representation, warranty or covenant.

5.3 Claim Notice. If an Indemnified Party becomes aware of any act, omission or state of facts that may give rise to Damages in respect of which a right of indemnification is provided for under Section 5.2, the Indemnified Party shall promptly give written notice thereof (a "**Claim Notice**") to the Indemnifying Party. The Claim Notice shall specify whether the potential Damages arise as a result of a claim by a Person against the Indemnified Party (a **"Third Party Claim"**) or whether the potential Damages arise as a result of a claim directly by the Indemnified Party against the Indemnifying Party (a **"Direct Claim"**), and shall also specify with reasonable particularity (to the extent that the information is available):

(a) the factual basis for the Direct Claim or Third Party Claim, as the case may be; and

(b) the amount of the potential Damages arising therefrom, if known.

5.4 Time Limits for Claim Notice for Breach of Representations and Warranties. No Damages may be recovered from the Vendor pursuant to Section 5.2 unless (subject to the fraud exception below) a Claim Notice is delivered by the Purchaser on or before the date that is 1 year after Closing. Provided, however, that in the event of fraud relating to a representation and warranty of the Vendor in this Agreement, then notwithstanding the foregoing time limitations, the Purchaser shall be entitled to deliver a Claim Notice at any time for purposes of such a claim. Unless (subject to the fraud exception above) a Claim Notice has been given in accordance with the timing set out in this Section, the Vendor shall be released from all obligations to indemnify the Purchaser in respect thereof on the expiry of the relevant period.

5.5 Monetary Limitations. No Damages may be recovered from the Vendor pursuant to Section 5.2 unless and until the accumulated aggregate amount of Damages of the Purchaser arising pursuant to Section 5.2 exceeds [redacted], in which event the accumulated aggregate amount of all such Damages may be recovered up to maximum amount of the Purchase Price. Such limitation shall have no application to any claim to recover Damages based on any incorrectness in or breach of any other representation or warranty of the Vendor in this Agreement resulting from fraud by the Vendor.

5.6 Calculation of Damages. For greater certainty, for the purpose only of calculating the amount of Damages under this Article 5, the representations and warranties of the Parties contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement shall be deemed to have been made without qualifications as to materiality where the words or phrases “material”, “immaterial”, “in all material respects” or words or phrases of similar import are used, such that the amount of Damages payable to an Indemnified Party is not subject to any deduction in respect of amounts below the level of materiality stated in the relevant representation and warranty. Further, the calculation of such amount shall not be affected by any inspection or inquiries made by or on behalf of the Party entitled to be indemnified under this Article 5.

5.7 Direct Claims. In the case of a Direct Claim, the Indemnifying Party shall have 60 days from receipt of a Claim Notice in respect thereof within which to make such investigation as the Indemnifying Party considers necessary or desirable. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate its right to be indemnified under this Article 5, together with all such other information as the Indemnifying Party may reasonably request. If the Parties fail to agree at or before the expiration of such 60 day period (or any mutually agreed upon extension thereof), the Indemnified Party shall be free to pursue such remedies as may be available to it.

5.8 Third Party Claims.

(1) *Rights of Indemnifying Party*. In the event a Claim Notice is delivered with respect to a Third Party Claim, the Indemnifying Party shall have the right, at its expense, to participate in but not control the negotiation, settlement or defence of the Third Party Claim, which control shall rest at all times with the Indemnified Party.

(2) *Compulsory Payments Prior to Settlement.*

(a) In the case of a Claim Notice concerning an amount of Damages (i) required to be paid by an Indemnified Party under Applicable Law or any Order, or (ii) in respect of which any amount is garnished by a Governmental Authority (each such amount a “**Preliminary Compulsory Payment Amount**”), the Indemnifying Party shall, within 10 Business Days of receipt of the Claim Notice, pay the

Indemnified Party an amount equal to the Preliminary Compulsory Payment Amount.

(b) Upon the occurrence of a Final Compulsory Payment Indemnification Event (if any), (i) if the aggregate of all Preliminary Compulsory Payment Amounts is less than the amount so determined under the Final Determination to be the amount owing (the "**Final Compulsory Payment Amount**"), the Indemnifying Party shall, within 10 Business Days of the time that the Indemnified Party notifies the Indemnifying Party of the occurrence of the Final Compulsory Payment Indemnification Event, pay to the Indemnified Party an amount equal to the difference between the aggregate for all Preliminary Compulsory Payment Amounts and the Final Compulsory Payment Amount, and (ii) if the aggregate of all Preliminary Compulsory Payment Amounts exceeds the Final Compulsory Payment Amount, the Indemnified Party shall within 10 Business Days of the receipt of any related refund or credit, pay to the Indemnifying Party the amount of such refund or credit (including any interest paid or credited with respect thereto but net of any Taxes payable by the Indemnified Party in respect of such refund, credit or interest).

(3) *Other Rights of Indemnified Party*. The Indemnified Party shall have the exclusive right to contest, settle or pay the amount claimed and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim.

5.9 Set-off. The Purchaser shall be entitled to set off the amount of any Damages subject to indemnification under this Agreement against any other amounts payable by the Purchaser to the Vendor whether under this Agreement or otherwise.

ARTICLE 6
COVENANTS

6.1 Investigation. During the Interim Period, the Vendor shall give, or cause to be given, to the Purchaser and its Representatives full access during normal business hours to the Purchased Assets, including the books and records of the Vendor and the contracts relating to the Purchased Assets, to conduct such investigations, inspections, surveys or tests thereof as the Purchaser deems necessary or desirable to familiarize itself with such properties, assets and other matters.

6.2 Confidentiality.

(1) *Information To Be Confidential.* Each Recipient shall treat confidentially and not disclose, and shall cause each of its Representatives to treat confidentially and not disclose, other than as expressly contemplated by this Agreement or as required by the rules of any recognised stock exchange on which securities in a Party or a Related Company of a Party are traded, or to the extent necessary for the Vendor to obtain the TSX Approval, any Confidential Information of the Discloser.

(2) *Use Of Confidential Information*. A Recipient may disclose Confidential Information only to those of its Representatives who need to know such Confidential Information for the purpose of implementing the transaction contemplated by this Agreement or as permitted in Section 6.2(1). No Recipient shall use, nor permit its Representatives to use, Confidential

Information for any other purpose nor in any way that is, directly or indirectly, detrimental to the applicable Discloser.

(3) *Return or Destruction*. Following the termination of this Agreement in accordance with the provisions of this Agreement, each Recipient shall (and shall cause each of its Representatives to) (a) return promptly to the Discloser all physical copies of the Confidential Information of the Discloser, excluding Notes, then in such Recipient's possession or in the possession of its Representatives, (b) destroy all (i) electronic copies of such Confidential Information, and (ii) Notes (including electronic copies thereof) prepared by such Recipient or any of its Representatives, in a manner that ensures the same may not be retrieved or undeleted by such Recipient or any of its Representatives, and (c) deliver to the Discloser a certificate executed by one of the Recipient's duly authorized senior officers indicating that the requirements of this Section 6.2(3) have been satisfied in full.

6.3 Risk of Loss. The Purchased Assets shall be at the risk of the Vendor until Closing. If before the Closing all or a material portion of the Purchased Assets are lost, damaged or destroyed, the Purchaser, in its sole discretion, shall have the option, exercisable by notice to the Vendor given prior to Closing:

(a) to terminate this Agreement, as provided in Section 4.6; or

(b) to complete the transactions contemplated by this Agreement and require the Vendor to assign to the Purchaser the proceeds of any insurance payable as a result of the occurrence of such loss, damage or destruction and to reduce the Purchase Price by the amount of the cost of repair of the portion of the Purchased Assets which were damaged or destroyed or, if lost or damaged beyond repair, by the replacement cost of the particular Purchased Assets so lost or damaged.

6.4 Action During Interim Period.

(1) *Negative Covenants.* During the Interim Period, the Vendor shall not take any action that would cause any of the representations and warranties in Section 3.1 to become untrue on the Closing Date.

(2) *Third Party Approaches*. If the Vendor receives any proposal from any Person during the Interim Period for the purchase of any of the Purchased Assets or any other business combination transaction involving the Vendor or any request for information about the Vendor or any of the Purchased Assets, it shall immediately notify the Purchaser of such proposal or request and the terms thereof. The Vendor shall not, and shall ensure that its Representatives do not, during the Interim Period, solicit or pursue any such proposal or provide any information concerning the Vendor or any of the Purchased Assets to any Person other than the Purchaser, its Related Companies or any of their Representatives.

(3) *Notice of Certain Matters*. During the Interim Period, the Vendor shall promptly upon becoming aware, give written notice to the Purchaser of: (a) the occurrence of any event that causes any representation and warranty of the Vendor contained in this Agreement to be untrue or inaccurate, and (b) any failure of the Vendor to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder; provided, however, that the delivery of any notice pursuant to this Section 6.4(3) shall not limit or otherwise affect any remedies available to the Purchaser.

6.5 Consents. The Vendor shall use all commercially reasonable effort to obtain all Consents at or prior to the Closing Time.

6.6 Warranties and Services Agreements. To the extent that the Vendor holds the benefit of any manufacturer's or supplier's warranty or service and/or maintenance agreement in respect of some or all of the Purchased Assets, the Vendor shall procure that the benefit of such warranty and/or agreement is transferred to the Vendor. If and to the extent any such warranty and/or agreement is not transferrable in this manner, the Vendor shall hold its rights under such warranty on trust for the benefit of the Purchaser.

ARTICLE 7
GENERAL

7.1 Actions on Non-Business Days. If any payment is required to be made or other action (including the giving of notice) is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment or action shall be considered to have been made or taken in compliance with this Agreement if made or taken on the next succeeding Business Day.

7.2 Currency and Payment Obligations. Except as otherwise expressly provided in this Agreement:

(a) all dollar amounts referred to in this Agreement are stated in New Zealand Dollars; and

(b) any payment contemplated by this Agreement shall be made by cash, certified cheque or any other method that provides immediately available funds.

7.3 Calculation of Interest. In calculating interest payable under this Agreement for any period of time, the first day of such period shall be included and the last day of such period shall be excluded.

7.4 Calculation of Time. In this Agreement, a period of days shall be deemed to begin on the first day after the event which began the period and to end at 5:00 p.m. Taranaki, New Zealand time on the last day of the period. If any period of time is to expire hereunder on any day that is not a Business Day, the period shall be deemed to expire at 5:00 p.m. Taranaki, New Zealand time on the next succeeding Business Day.

7.5 Schedules and Exhibits. The Schedules and Exhibits listed below and attached to this Agreement are incorporated herein by reference and deemed to be part of this Agreement.

<u>Schedules</u>

A - Subject Generators
B - Ergo Report

<u>Exhibits</u>

A - Allocation of Purchase Price
B - VCB-02 Schematic and Picture

7.6 Expenses. Except as otherwise expressly provided herein, each Party shall be responsible for all costs and expenses (including any Taxes imposed on such expenses) incurred by it in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the transactions contemplated by this Agreement (including the fees and disbursements of legal counsel, bankers, investment bankers, accountants, brokers and other advisers).

7.7 Payment of Taxes. Except as otherwise provided in this Agreement, the Purchaser shall pay all Taxes applicable to, or resulting from the transactions contemplated by, this Agreement (other than Taxes payable by the Vendor under Applicable Law) and any filing, registration, recording or transfer fees payable in connection with the instruments of transfer provided for in this Agreement.

7.8 Public Announcements. Except to the extent otherwise required by Applicable Law or with the prior consent of the other Party, neither Party shall make any public announcement regarding this Agreement or the transactions contemplated by this Agreement.

7.9 Notices.

(1) *Mode of Giving Notice.* Any notice, direction, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent by fax, in each case to the applicable address set out below:

(a) if to the Vendor, to:

Coronado Resources Ltd.
[redacted]
Fax: [redacted]
Attention: [redacted]

with a copy (which shall not constitute notice) to:

[redacted]
Attention: [redacted]

(b) if to the Purchaser, to:

Cheal Petroleum Limited
[redacted]
Fax: [redacted]
Attention: [redacted]

with a copy (which shall not constitute notice) to:

[redacted]
Fax: [redacted]
Attention: [redacted]

(2) *Deemed Delivery of Notice.* Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing, provided that such day in either event is a Business Day and the communication is so delivered, faxed or sent before 4:30 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication sent by mail shall be deemed to have been given and made and to have been received on the fifth Business Day following the mailing thereof; provided however that no such communication shall be mailed during any actual or apprehended disruption of postal services. Any such communication given or made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.

(3) *Change of Address.* Any Party may from time to time change its address under this Section 7.9 by notice to the other Party given in the manner provided by this Section 7.9.

7.10 Time of Essence. Time shall be of the essence of this Agreement in all respects.

7.11 Further Assurances. Each Party shall from time to time promptly execute and deliver or cause to be executed and delivered all such further documents and instruments and shall do or cause to be done all such further acts and things in connection with this Agreement that the other Party may reasonably require as being necessary or desirable in order to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement or any provision hereof. The Vendor shall promptly, at the request of the Purchaser, execute any transfer or document of title to more fully transfer or evidence the transfer of all or any of the Purchased Assets to the Purchaser.

7.12 Co-operation in Filing of Tax Returns. The Purchaser agrees to provide to the Vendor all reasonable co-operation following the Closing Date in connection with the filing of Tax Returns of the Vendor in respect of which the terms and provisions of this Agreement are relevant.

7.13 Entire Agreement. This constitutes the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no conditions, representations, warranties, obligations or other agreements between the Parties in connection with the subject matter of this Agreement (whether oral or written, express or implied, statutory or otherwise) except as explicitly set out in this Agreement.

7.14 Amendment. No amendment of this Agreement shall be effective unless made in writing and signed by the Parties.

7.15 Waiver. A waiver of any default, breach or non-compliance under this Agreement shall not be effective unless in writing and signed by the Party to be bound by the waiver and then only in the specific instance and for the specific purpose for which it has been given. No waiver shall be inferred from or implied by any failure to act or delay in acting by a Party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other Party. The waiver by a Party of any default, breach or non-compliance under this Agreement will not operate as a waiver of that Party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).

7.16 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

7.17 Remedies Cumulative. The rights, remedies, powers and privileges herein provided to a Party are cumulative and in addition to and not exclusive of or in substitution for any rights, remedies, powers and privileges otherwise available to that Party.

7.18 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of New Zealand and the parties submit to the exclusive jurisdiction of the New Zealand courts.

7.19 Successors and Assigns; Assignment. This Agreement shall enure to the benefit of, and be binding on, the Parties and their respective successors and permitted assigns. Neither Party may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its respective rights or obligations under this Agreement without the prior written consent of the other Party.

7.20 Third Party Beneficiaries. This Agreement is for the sole benefit of the Parties, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

7.21 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a Party may send a copy of its original signature on the execution page hereof to the other Party by facsimile, e-mail in pdf format or by other electronic transmission and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving Party.

7.22 Language. The Parties have required that this Agreement and all deeds, documents and notices relating to this Agreement be drawn up in the English language. Les parties aux présentes ont exigé que le présent contrat et tous autres contrats, documents ou avis afférents aux présentes soient rédigés en langue anglaise.

[Signature Page Follows.]

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

OPUNAKE HYDRO LIMITED

By: ______________________________
Name:
Title:

CHEAL PETROLEUM LIMITED

By: ______________________________
Name:
Title:

SCHEDULE A

SUBJECT GENERATORS

SCHEDULE B

ERGO REPORT

EXHIBIT A

ALLOCATION OF PURCHASE PRICE

EXHIBIT B

VCB-02 SCHEMATIC AND PICTURE