Grant Thornton

COURT FILE NUMBER:	**1501 - 09111**
COURT:	**COURT OF QUEEN'S BENCH OF ALBERTA**
JUDICIAL CENTRE:	**CALGARY**
APPLICANT:	**HALLMARK RESOURCES LTD.**
RESPONDENTS:	**AQUA-PURE VENTURES INC.**
DOCUMENT:	**RECEIVER'S SECOND REPORT NOVEMBER 10, 2015**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING DOCUMENT

<u>RECEIVER</u>
Grant Thornton Limited
Suite 900, 833 – 4th Avenue SW
Calgary, AB T2P 3T5

Attention: Andrew Basi / Nathan Bell
Telephone: 1 (403) 296-2992 / 1 (403) 260-2529
Facsimile: 1 (403) 260-2571
E-mail: Andrew.Basi@ca.gt.com / Nathan.Bell@ca.gt.com

<u>RECEIVER'S COUNSEL</u>
Bennett Jones LLP
4500 Bankers Hall East
855 – 2nd Street SW
Calgary, AB T2P 4K7

Attention: Chris Simard / Alexis Teasdale
Telephone: 1 (403) 298-4485 / 1 (403) 298-3067
Facsimile: 1 (403) 265-7219
E-mail: SimardC@bennettjones.com / TeasdaleA@bennettjones.com

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Introduction

1. On August 18, 2015, on application by Hallmark Resources Ltd. ("**Hallmark**"), the Court of Queen's Bench of Alberta (the "**Court**") pronounced an order (the "**Receivership Order**") appointing Grant Thornton Limited (the "**Receiver**") as receiver and manager of Aqua-Pure Ventures Inc. ("**Aqua-Pure**" or the "**Company**").

2. The purpose of this report (the "**Receiver's Second Report**") is to provide this Honourable Court and other interested parties with:

    a) a summary of the activities of the Receiver since the filing of the Receiver's First Report;

    b) information on the status of the Amending Agreement, as discussed in the Receiver's First Report;

    c) a summary of the sale process conducted by the Company prior to the receivership proceedings and the Receiver's comments and analysis thereof;

    d) information on the proposed transaction (the "**Transaction**") to sell all of the realizable assets of Aqua-Pure to Fountain Quail Holdings, LLC (the "**Prospective Purchaser**"). The Transaction includes, amongst other items:

        i. the Membership Interest and Asset Purchase Agreement (the "**Sale Agreement**") to sell all the Company's realizable assets to the Prospective Purchaser. A copy of the Sale Agreement is attached as Confidential Appendix 1; and

        ii. the Membership Interest Purchase Agreement (the "**MIPA**") between Aqua-Pure USA (as defined below) and the Prospective Purchaser. The MIPA is provided to this Honourable Court for information purposes as it pertains to assets and companies that are located in the USA and not subject to the Receivership Order. A copy of the MIPA is attached as Confidential Appendix 2;

iii. an Escrow Agreement (the "**Escrow Agreement**") between, *inter alia*, the Receiver, the Prospective Purchaser and Bennett Jones LLP, the Receiver's counsel, dated November 10, 2015 attached as Appendix 3 (with the purchase price redacted);

iv. the First Amendment to the Aqua-Pure USA Operating Agreement (the "**First Amendment**") between the Receiver, Aqua-Pure USA and the Prospective Purchaser dated November 10, 2015, attached as Appendix 4; and

v. the Action By Unanimous Written Consent Of The Board Of Directors And Sole Shareholder Of Aqua-Pure USA (the "**Shareholder Approval**"), attached as Appendix 5.

Upon completion of the Transaction, the Company will have sold all of its realizable assets to the Prospective Purchaser. The consideration to be paid is a combination of cash and an opportunity for Hallmark and Noteholders to convert all or a portion of their secured debt for Class B shares of the Prospective Purchaser; and

e) information on the creditors of Aqua-Pure and the anticipated distribution upon conclusion of the Transaction.

3. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars. Capitalized terms not otherwise defined herein shall adopt the meaning as defined in Hallmark's application materials, the affidavit of Jeffery Halldorson sworn on August 6, 2015 (the "**Halldorson Affidavit**") and the Receiver's First Report.

Limitations of Report

4. The information contained in the Receiver's Second Report has been obtained from the records of the Company, publicly available information, and/or is based upon discussions with and representations made by the Company's management and other professional advisors retained in this matter. The information was not audited nor otherwise verified by

the Receiver as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting principles and the reader is cautioned that this report may not disclose all significant matters about the Company. Accordingly, we do not express an opinion or any other form of assurance on the information presented herein. The Receiver may refine or alter its observations as further information is obtained or is brought to its attention after the date of this report.

5. The Receiver assumes no responsibility or liability for any loss or damage occasioned by any party because of the circulation, publication, reproduction, or use of the Receiver's Second Report. Any use that any party makes of this report, or any reliance on or decisions to be made based on it is the responsibility of such party.

6. A copy of the Receiver's Second Report and other relevant documents in the restructuring proceedings are available on the Receiver's website at: www.grantthornton.ca/aquapureventures

Background

7. Aqua-Pure is a publicly traded corporation formed pursuant to the laws of Alberta with a registered and records office located in Calgary, Alberta. The Company is engaged in the research, development and application of remediation and recycling technology for contaminated waste-water from industrial operations.

8. Aqua-Pure owns 100% of the shares of a holding company, Aqua-Pure Ventures (USA) Inc. ("**Aqua-Pure USA**"), a corporation formed under the laws of the state of Nevada, USA.

9. Aqua-Pure and Aqua-Pure USA, together, hold 100% of the membership interests in Fountain Quail Water Management LLC ("**Fountain Quail**"), a company formed under the laws of the state of Texas, USA. The share holdings are as follows:

   a) Aqua-Pure – 55% membership interest; and

   b) Aqua-Pure USA – 45% membership interest.

10. Aqua-Pure's commercial oilfield waste-water recycling operations are carried out entirely by Fountain Quail. Fountain Quail's head office is located in Keller, Texas, and it conducts all of its operations in the United States. Aqua-Pure also licenses use of its technology to third parties.

11. The realizable assets of Aqua-Pure are as follows:

    a) intellectual property ("**IP Assets**");

    b) agreements where Aqua-Pure has licensed its technology to 3rd parties ("**Licensing Agreements**") ;

    c) 100% of the common shares of Aqua-Pure USA;

    d) a 55% membership interest in Fountain Quail; and

    e) an unsecured account receivable due from Fountain Quail, in the approximate amount of $40.8 million (the "**FQ Receivable**").

12. Further background on the companies, their assets and events leading up to the receivership proceedings are available by reviewing the Receiver's First Report and materials filed in the proceedings, including the Halldorson Affidavit.

Activities of the Receiver

Fountain Quail Liquidity Issues & Amending Agreement

13. Immediately upon appointment, the Receiver was advised that Fountain Quail had insufficient cash resources to fund, among other critical costs, payroll coming due at the end of August 2015. Fountain Quail has been historically partially funded by Aqua-Pure through various borrowings and equity injections.

14. The Receiver's initial investigation into obtaining interim financing from the existing secured lenders of Aqua-Pure or a third party lender indicated they were not willing to advance funding under a Receiver's Certificate or within the time requirements necessary.

15. Prior to the appointment of the Receiver, management of the Company, in consultation with Hallmark and the Prospective Purchaser, negotiated an amendment to an Equipment Conditional Sale Agreement and Exclusive Licensing Agreement between Aqua-Pure, Fountain Quail and a third party, Eureka Resources LLC ("**Eureka**"), in exchange for an immediate cash payment by Eureka (the "**Amending Agreement**").

16. The Receiver and its counsel reviewed the Amending Agreement and held discussions with the Company's key stakeholders. With the support of the key stakeholders and the urgent need to obtain a source of funding for Fountain Quail's payroll, the Receiver applied for and obtained approval of the Court to execute the Amending Agreement. A copy of this order is attached to this report as Appendix 6.

17. The Amending Agreement generated US$400,000 in cash payments from Eureka and to date, the Prospective Purchaser has advanced another US$300,000 to the Receiver under the Receiver's borrowing powers.

18. The funds generated by the Amending Agreement and Receiver's borrowings have been advanced, on a secured basis, from the Receiver to Fountain Quail to fund Fountain Quail's working capital requirements. The Receiver understands that additional capital is still required for Fountain Quail's ongoing obligations and therefore the requirement to complete the Transaction on a timely basis remains.

<u>Summary and Review of Pre-Receivership Sales Process</u>

19. As indicated in the Halldorson Affidavit and the Receiver's First Report, the Company completed a process during the spring of 2015 to solicit offers to purchase some or all of Aqua-Pure's and/or Fountain Quail's assets (the "**Sales Process**").

20. The Receivership Order expressly authorized the Receiver to evaluate the sufficiency of the Sales Process and the offers received as a result of that process, and to determine whether further marketing efforts were required.

21. The Receiver has been provided with a summary of the Sales Process conducted by the Company and its financial advisors, Canaccord Genuity Corporation ("**Canaccord**") and

Blue Star Capital, LLC ("**Blue Star**"). A copy of this summary is attached to this report as Confidential Appendix 7. The Receiver wishes to provide this information to the Court on a confidential basis as it includes copies of the proposals and offers received during the Sales Process, disclosure of which would prejudice any future sales process in the event the Sale Agreement is not approved by the Court or the Transaction does not close.

22. A summary of the Sales Process is as follows:

   a) in November of 2014, the Company engaged Blue Star to act as a financial advisor to review strategic alternatives to recapitalize Fountain Quail. Blue Star is a Washington D.C. based management advisory firm with experience in the water, energy, and environmental services sectors;

   b) in April of 2015, the Company engaged Canaccord to act as a financial advisor in relation to a strategic alternatives process to maximize shareholder value. Canaccord is the global capital markets division of Canaccord Genuity Group Inc., offering institutional and corporate clients investment banking, research, sales and trading services;

   c) on April 14, 2015 the Sales Process was publically announced via Marketwire;

   d) a preliminary brochure advertising the process and containing non-confidential information about the Company and its operations, was developed and distributed to parties in the energy services industry, as well as private equity firms;

   e) a data room, containing confidential information about the Company and its operations, was established and made accessible to parties executing confidentiality agreements ("**CA**") to conduct due diligence. In total, 16 parties executed a CA and were granted access to the data room; and

   f) dates for non-binding and binding proposals were set as May 19, 2015 and June 24, 2015 respectively. In total, five final proposals were received.

23. The Company, in consultation with key stakeholders, including primary secured creditors, identified the Prospective Purchaser's offer as the superior proposal and the Company executed a letter of intent to complete a transaction with the Prospective Purchaser. The Receiver has reviewed the proposals and offers received during the Sales Process, notes that the offer submitted by the Prospective Purchaser was viewed as the best offer by the Company, Hallmark and the Noteholders, including because the other offers included various terms and proposal structures that were unacceptable to the Company or otherwise presented unacceptable closing risk.

24. Although the Receiver was not involved in the Sales Process, the Receiver has spoken with key stakeholders and based on its review of information provided by Canaccord and Blue Star the Receiver believes that:

    a) the proposed Transaction is the highest and best result of the Sales Process, taking into account value, timing and certainty of closing and the wishes of the key stakeholders;

    b) sufficient effort has been expended on the Sales Process under the circumstances, no party has acted improvidently and the Sales Process was similar to receiver-administered sales processes carried out in formal insolvency liquidation situations;

    c) the Sales Process was conducted efficiently and with integrity, provided sufficient exposure of the Company's assets to the marketplace across North America, and further marketing efforts would not likely achieve a better result than the proposed Transaction;

    d) the Sales Process has taken into account the interests of all parties, and is supported by the key economic stakeholders; and

    e) there has been no unfairness in the Sales Process or the negotiation of the proposed Transaction.

25. Additionally, Fountain Quail would have difficulty continuing operations if the Transaction is not concluded as it has been relying on funding from the Prospective Purchaser through the issuance of Receiver's Certificates.

Transaction Structure

26. The Transaction contemplates the purchase, by the Prospective Purchaser, of all of the assets of Aqua-Pure and Aqua-Pure USA. Given the corporate structure and the foreign entities involved, the Transaction is separated into two distinct agreements: the Sale Agreement, which is subject to Court approval as it covers the sale of Aqua-Pure's assets, and the MIPA which is not subject to the Court approval, as it covers the sale of Aqua-Pure USA's assets (which company is and assets are not subject to these Receivership proceedings).

27. The Transaction involves a number of steps to be completed sequentially and, in some cases, concurrently for closing to occur, and therefore the Transaction documents and purchase price are to be held in escrow and, subject to Court approval, will be released in accordance with the terms of the Escrow Agreement. A closing checklist setting out all the steps and documents necessary for the closing is attached as Confidential Appendix 8.

28. To obtain tax efficiencies, a number of pre-closing and post-closing steps will be carried out. The Receiver has retained Lewis Roca Rothgerber LLP as its US corporate and tax advisor to assist in the tax and legal structuring of the Transaction.

29. As part of the Transaction, the Prospective Purchaser provided an opportunity for Hallmark and the Noteholders to sell a portion of their subordinated secured debt owed by the Company, in exchange for Class B Units in the equity of the Prospective Purchaser (the "**Debt Purchase**"). Of Hallmark and the 20 Noteholders, 7 chose to participate in the Debt Purchase for either a portion or all of their subordinated secured debt. The Debt Purchase agreements are attached as Appendix 9.

30. All of these secured claims against Aqua-Pure purchased by the Prospective Purchaser pursuant to the Debt Purchase will be subordinated to all other secured and unsecured

creditors of the Company in accordance with an agreement between the Prospective Purchaser and the Receiver and as a result will not participate in any of the distributions by the Receiver.

31. The Debt Purchase provides for a conversion ratio of US$1 of debt for .70 Class B units of the Prospective Purchaser. Approximately $7.26 million of Hallmark and Noteholders debt was converted pursuant to the Debt Purchase. The remaining amount of Hallmark and Noteholder debt is approximately $6.38 million. After payment in full to Agriculture Financial Services Corporation ("**AFSC**") , the primary secured creditor and the repayment of the Receiver's borrowings, the Receiver estimates approximately $1.77 million will be available for distribution, less the costs required to fund the Receiver's Charge. As a claims process has not been conducted at this stage of the Receivership, the above quantum of secured claims is subject to change.

32. Additionally, as part of the Transaction and based on tax advice provided to the Receiver, the FQ Receivable in the amount of approximately $40.8 million due from Fountain Quail to Aqua-Pure will be cancelled (the "**Intercompany Debt Cancellation**") prior to the closing of the Transaction. The Receiver has placed no value on the FQ Receivable as it is uncollectible based on the financial situation of Fountain Quail. The Intercompany Debt Cancellation documents will be held pursuant to the Escrow Agreement until the conditions of release are met, and as such the Intercompany Debt Cancellation will only occur if the Transaction closes.

33. As a result of the structuring of the Transaction, the Receiver will be executing documents in addition to the Sale Agreement, and the Receiver is therefore seeking Court approval to execute the Sale Agreement, the First Amendment, the Shareholder Approval and the Escrow Agreement.

Sale Agreement

34. A summary of the Sale Agreement is as follows:

    a) the Prospective Purchaser will purchase all of the assets of Aqua-Pure including:

        i. Aqua-Pure's 55% membership interest in Fountain Quail;

        ii. The Licensing Agreements; and

        iii. the IP Assets of the Company.

    b) the Prospective Purchaser will provide a cash deposit of 10% of the purchase price, which is non-refundable in certain circumstances;

    c) the Prospective Purchaser will pay the cash consideration described in Sale Agreement attached as Confidential Appendix 1; and

    d) the Sale Agreement is conditional on Court Approval.

MIPA

35. A summary of the MIPA is as follows:

    a) the Prospective Purchaser will purchase Aqua-Pure USA's 45% membership interest in Fountain Quail;

    b) the Prospective Purchaser will pay the cash consideration described in the MIPA attached as Confidential Appendix 2;

    c) the MIPA is conditional on Court approval of the Sale Agreement.

    d) the Shareholder Approval is required to be executed by the Receiver to direct Aqua-Pure USA to execute the MIPA (among other transaction documents).

Amending Agreement

36. The Amending Agreement (to which the Receiver is a party) will amend the Texas law governed limited liability company agreement of Fountain Quail (to which the Receiver is not a party) to provide that all income of Fountain Quail, including tax exempt and cancellation of indebtedness income, shall be allocated to the Company effective as of January 1, 2015. This is a necessary component of the tax structuring of the Transaction, and the Receiver would execute the Amending Agreement in its capacity as shareholder of Fountain Quail.

Escrow Agreement

37. As discussed above, the Transaction is structured to occur in a series of sequential and concurrent steps, primarily to achieve tax efficiencies. The Escrow Agreement will ensure that these steps occur in the necessary order, and provides the Receiver with the assurance that individual parts of the Transaction will only occur if the remainder of the Transaction closes.

Creditors

38. The Receiver understands the secured claims against the Company to be as follows:

   a) Security Agreement – AFSC –$2,450,000, plus accrued interest and costs;

   b) Convertible Secured Debenture – Hallmark – principal sum of $8,020,000 plus accrued interest and costs;

   c) Secured Convertible Promissory Notes – (issued to Axiom Financing as defined in the Halldorson Affidavit) – with various holders (the "**Axiom Financing Investors**") and in the principal sum of US$2,150,000, plus accrued interest and costs; and

d) Secured Convertible Promissory Notes (issued to Prosdocimi Financing as defined in the Halldorson Affidavit) – with various holders (the "**Prosdocimi Investors**") and in the principal sum of US$2,242,000 plus accrued interest and costs.

39. The Receiver's counsel has reviewed the loan and security documentation of AFSC and has provided the Receiver with an opinion confirming that, subject to the customary qualifications and assumptions, AFSC's security is valid and enforceable.

40. An Inter-Creditor, Agency and Priority Agreement was entered into on July 20, 2015 (the "**Inter-Creditor Agreement**") between Hallmark, the Axiom Financing Investors ("**Axiom**") and the Prosdocimi Investors ("**Prosdocimi**") (the Axiom Investors and the Prosdocimi Investors are collectively referred to as the "**Noteholders**"). This agreement, amongst other matters, confirmed the parties' direction to proceed with a transaction with the Prospective Purchaser, and in this agreement, Hallmark and the Noteholders agreed that their secured claims against the Company would rank *pari passu* and Hallmark was appointed as the Collateral Agent for the parties. A copy of the Inter-Creditor Agreement is attached as Appendix 10.

41. Hallmark and the Noteholders have postponed and subordinated their secured claims against the Company, to AFSC's secured claims against the Company.

42. The Receiver understands that the Company's unsecured creditors are owed approximately $275,000. The Receiver has not undertaken a claims process to confirm the amount of unsecured creditor claims. If the Transaction is approved by the Court, there will be no distributions to Aqua-Pure unsecured creditors.

43. The Receiver has been advised by the directors of Aqua-Pure USA, that Aqua-Pure USA has no known creditors.

44. It is the Receiver's understanding the business of Fountain Quail will be continued by the Prospective Purchaser and the trade payables of Fountain Quail will be paid in the ordinary course. It is also the Receiver's understanding that substantially all of the employees of Fountain Quail are intended to be retained by the Proposed Purchaser.

45. The above creditor claims of Aqua-Pure are subject to be revised once the Receiver administers a claims process after the closing of the Transaction.

Confidentiality of Appendices

46. The documents attached as Confidential Appendices contain and discuss matters of a sensitive commercial nature, including pricing of the Transaction, and their publication prior to the closing of the proposed Transaction could result in irreparable damage to the Company, the Prospective Purchaser and any future sales process in the event the proposed Transaction does not close.

Recommendation and Intended Course of Action

47. The Receiver respectfully recommends that the Court approve:

    a) the Receiver's actions as detailed in this report;

    b) the Sale Agreement;

    c) the Receiver executing the First Amendment and the Shareholder Approval;

    d) an Order authorizing the distribution of sale proceeds to fully repay the Receiver's borrowings and AFSC, the Company's first-priority secured creditor; and

    e) an Order sealing on the Court file the Confidential Appendices to this Report.

48. In the event that the Court approves the Sale Agreement, the Receiver will work to close the Transaction in accordance with the underlying agreements, file certain documents including tax returns in both Canada and USA as required by the Transaction, and return to Court for approval of a process for distributions to secured creditors and its discharge.

DATED at Calgary Alberta, the 10th day of November 2015.

Grant Thornton Limited,
in its capacity as receiver of
Aqua-Pure Ventures Inc.
and not in its personal capacity

Per: Andrew Basi, CA, CIRP
Senior Vice President

Nathan Bell, CA, CIRP
Senior Manager

CLOSING ESCROW AGREEMENT

THIS CLOSING ESCROW AGREEMENT (this "**Agreement**"), dated as of November 10, 2015, is made among:

Fountain Quail Holdings, LLC (the "**Buyer**"), Fountain Quail Water Management, LLC (the "**Company**"), Aqua-Pure Ventures (USA), Inc. ("**Aqua-Pure US**"), Aqua-Pure Ventures Inc. ("**Aqua-Pure Canada**"), Grant Thornton Limited, as the receiver of Aqua-Pure Canada (the "**Receiver**") as appointed by the Court of Queen's Bench of Alberta (the "**Court**")

- and -

Bennett Jones LLP ("**Bennett Jones**"), Blake, Cassels & Graydon LLP ("**Blakes**"), Lewis Roca Rothgerber LLP ("**LRR**") and Locke Lord LLP ("**LL**")

RECITALS:

A. This Agreement is being entered into in connection with the transactions contemplated by: (i) the Membership Interest Purchase Agreement to be dated on or about November 19, 2015 among the Buyer, the Company and Aqua-Pure US (the "**US Purchase Agreement**"); and (ii) the Membership Interest and Asset Purchase Agreement to be dated on or about November 19, 2015 among the Buyer and the Receiver (the "**Canadian Purchase Agreement**"). The US Purchase Agreement and the Canadian Purchase Agreement are collectively referred to herein as the "**Purchase Agreements**".

B. Prior to the closing of the transactions contemplated by the Purchase Agreements, an inter-company receivable owing by the Company to Aqua-Pure Canada in an amount of Cdn.$40,884,763.26 will be cancelled and discharged (the "**Intercompany Debt Cancellation**"). Such Intercompany Debt Cancellation shall be conditioned on the closing of the transactions contemplated by the Purchase Agreements.

C. Pursuant to the US Purchase Agreement, the Buyer will acquire from Aqua-Pure US its 45% membership interests in the Company (the "**US Acquisition**") in exchange for cash consideration in the amount of [redacted] (the "**US Cash Consideration**") and the assumption of certain specified liabilities of the Company.

D. Pursuant to the Canadian Purchase Agreement, the Buyer will acquire from Aqua-Pure Canada certain intellectual property and Aqua-Pure Canada's 55% membership interests in the Company (the "**Canadian Acquisition**") in exchange for cash consideration in the amount of [redacted] (the "**Canadian Cash Consideration**") of which, [redacted] has already been deposited with the Receiver as the Deposit (as defined in the Canadian Purchase Agreement). The US Acquisition and the Canadian Acquisition are collectively referred to herein as the "**Acquisitions**".

E. In preparation for the closing of the Intercompany Debt Cancellation and the Acquisitions (collectively, the "**Closing**") that is scheduled to occur on November 19, 2015 the parties hereto are entering into this Agreement to establish the escrow mechanics for the Closing, the payment of the US Cash Consideration and the payment of the Canadian Cash Consideration as provided herein. The Canadian Cash Consideration shall be administered and disbursed by the Receiver in accordance with the Approval and Vesting Order of the Court (the "**Approval and Vesting Order**") approving the transactions contemplated hereby.

NOW THEREFORE in consideration of the foregoing and the premises and agreements of the parties hereto contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. ESCROW

1.1 All documents and instruments (collectively, the "**Closing Deliverables**") that are to be delivered at or in connection with the Closing pursuant to the closing agenda for the Acquisitions attached as Schedule "A" (the "**Acquisition Closing Agenda**") shall be delivered on or before November 18, 2015, by electronic mail in .pdf format to the email contacts set out in Section 4.4 hereof, with such electronic copies constituting originals and originally signed documents to follow by courier, and held in escrow subject to release in accordance with Section 2.

1.2 Upon all of the Closing Deliverables having been delivered into escrow and:

(a) Rich Broderick, as authorized representative of the Company and Aqua-Pure US, confirming to the other parties hereto (in accordance with Section 4.4) the Company and Aqua-Pure US's satisfaction with the Closing Deliverables under the Acquisition Closing Agenda;

(b) Bennett Jones, as Canadian counsel, and LRR, as United States counsel to the Receiver, confirming to the other parties hereto (in accordance with Section 4.4) its clients' satisfaction with the Closing Deliverables under the Acquisition Closing Agenda; and

(c) Blakes, as Canadian counsel to the Buyer, and LL, as United States counsel to the Buyer confirming to the other parties hereto (in accordance with Section 4.4) its clients' satisfaction with the Closing Deliverables under the Acquisition Closing Agenda;

then, upon completion of the matters referred to in the foregoing clauses (a) through (c), on November 18, 2015 at or before the applicable deadline for same-day receipt of wired funds:

(d) the Buyer shall deliver to the Receiver, in trust, an amount equal to [redacted] (being the Canadian Cash Consideration less the Deposit (as defined in the Canadian Purchase Agreement)); and

(e) the Buyer shall deliver to the Receiver in trust for Aqua-Pure US an amount equal to [redacted] (being the US Cash Consideration);

all in accordance with the wire transfer instructions specified in the attached Schedule "B". The Receiver shall hold all amounts received pursuant to this Section 1.2 in escrow subject to release in accordance with Section 2.

2. CLOSING RELEASE OF ESCROW

2.1 Upon the issuance by the Receiver of the Receiver's Certificate pursuant to an Approval and Vesting Order, all Closing Deliverables and all funds received in trust pursuant to Section 1.2 shall be deemed to be automatically, without further act or formality, released from escrow (subject to Section 2.2) in the sequence set out in the Acquisition Closing Agenda and the Intercompany Debt Cancellation and Acquisitions shall be completed (the "**Closing Release of Escrow**"). The parties hereto shall, for all tax purposes, deem the Closing Deliverables as having been delivered on the effective date of such items, and for those items with the same effective date, in the order set forth in the Acquisition Closing Agenda.

3. NO CLOSING RELEASE OF ESCROW

3.1 If the Closing Release of Escrow has not occurred on or before 5:00 P.M. (Calgary time) on December 19, 2015 or such other time or date as may be agreed to by the parties hereto in writing:

(a) the above escrow shall immediately terminate (the "**No Closing Release of Escrow**");

(b) each Closing Deliverable shall be immediately returned to the applicable person which wired or delivered such Closing Deliverable into escrow; and

(c) upon such return, each Closing Deliverable shall be deemed to have never been delivered to the intended recipients under the Acquisition Closing Agenda or otherwise, as applicable.

Without limiting the generality of the foregoing, immediately after the No Closing Release of Escrow, each recipient of the wires described in Section 1.2 shall immediately return the wired funds to the Buyer (or its designate) by wire transfer (without deduction) in accordance with the applicable wire transfer instructions specified in the attached Schedule "B".

4. MISCELLANEOUS

4.1 Each of the parties hereto shall cause its counsel to comply with the provisions of this Agreement. The parties to this Agreement hereby irrevocably authorize and direct the Receiver to transfer and pay the amounts and to do all such other things contemplated by this Agreement. This Agreement shall be good and sufficient authority for acting in accordance with the foregoing authorization and direction.

4.2 Neither the Receiver nor any of its partners, directors, officers, employees, agents or associates shall be liable for any claim, proceeding, loss, damage, liability or expense of any kind or nature caused directly or indirectly by any action taken or omitted by any of them under or in connection with this Agreement or as a result of relying on any communication or document believed by any of them to be genuine and correct and to have been communicated or signed by the person by whom it purports to be communicated or signed, unless caused by its or their gross negligence or willful misconduct.

4.3 This Agreement is in addition to and not in substitution of the Purchase Agreements or other Closing Deliverables or any part thereof, and the rights, powers, duties, liabilities and obligations of the parties under the Purchase Agreements and other Closing Deliverables shall be determined in accordance with such Purchase Agreements and other Closing Deliverables.

4.4 All notices and confirmations under this Agreement shall be delivered by e-mail in accordance with the information set forth below:

Party	**E-Mail Address**	**Attention**
Aqua-Pure Ventures (USA), Inc.	richard.broderick@fountainquail.com	Rich Broderick
Bennett Jones LLP	simardc@bennettjones.com russellj@bennettjones.com	Chris Simard Jeremy Russell
Blake, Cassels & Graydon LLP	Pam.huff@blakes.com Chris.burr@blakes.com	Pam Huff Chris Burr
Fountain Quail Holdings, LLC	dlange@lockelord.com	c/o David Lange
Fountain Quail Water Management, LLC	richard.broderick@fountainquail.com	Rich Broderick
Grant Thornton Limited	Andrew.Basi@ca.gt.com	Andrew Basi
Lewis Roca Rothgerber LLP	mmeyer@lrrlaw.com wmahaffey@lrrlaw.com	Mark Meyer William Mahaffey
Locke Lord LLP	dlange@lockelord.com	David Lange

4.5 This Agreement constitutes the entire agreement between the parties hereto with respect to the matters described herein. This Agreement does not supersede or replace the Purchase Agreement or any other agreements, instruments, certificates or other documents entered into between parties hereto in connection with the Intercompany Debt Cancellation and/or the Acquisitions.

4.6 This Agreement shall be governed by and interpreted in accordance with the laws of Alberta and the federal laws of Canada applicable therein. Each of the parties hereto irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta.

4.7 The rights and obligations of the parties hereto under this Agreement shall not be assignable without the prior written consent of the other parties hereto.

4.8 This Agreement shall enure to the benefit of and be binding upon the successors and permitted assigns of the parties hereto.

4.9 This Agreement may be executed in several counterparts and delivered by facsimile or email in PDF and if so delivered shall be deemed to be an original document and such counterparts together shall constitute one document.

[Signatures follow]

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

FOUNTAIN QUAIL HOLDINGS, LLC

Per: ______________________
Name: Charles S. Leykum
Title: Manager

Per: ______________________
Name: Matthew Kondratowicz
Title: Manager

FOUNTAIN QUAIL WATER MANAGEMENT, LLC

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

AQUA-PURE VENTURES (USA), INC.

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

AQUA-PURE VENTURES INC.

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

GRANT THORNTON LIMITED, as the receiver of AQUA-PURE VENTURES INC.

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

BENNETT JONES LLP

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

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

FOUNTAIN QUAIL HOLDINGS, LLC

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

FOUNTAIN QUAIL WATER MANAGEMENT, LLC

Per: ______________________
Name: Richard Broderick
Title: President

Per: ______________________
Name: Brent Halldorson
Title: Vice President

AQUA-PURE VENTURES (USA), INC.

Per: ______________________
Name: Richard Broderick
Title: President

Per: ______________________
Name: Brent Halldorson
Title: Secretary

AQUA-PURE VENTURES INC.

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

GRANT THORNTON LIMITED, as the receiver of AQUA-PURE VENTURES INC.

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

BENNETT JONES LLP

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

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

FOUNTAIN QUAIL HOLDINGS, LLC

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

FOUNTAIN QUAIL WATER MANAGEMENT, LLC

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

AQUA-PURE VENTURES (USA), INC.

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

AQUA-PURE VENTURES INC., by Grant Thornton Limited as court appointed receiver of Aqua-Pure Ventures Inc. and not in its corporate or personal capacity

Per: ______________________
Name: Andrew Basi
Title: Partner

Per: ______________________
Name:
Title:

GRANT THORNTON LIMITED, as the receiver of AQUA-PURE VENTURES INC.

Per: ______________________
Name: Andrew Basi
Title: Partner

Per: ______________________
Name:
Title:

BENNETT JONES LLP

Per: ______________________
Name: Jeremy Russell
Title: Attorney

Per: ______________________
Name:
Title:

BLAKE, CASSELS & GRAYDON LLP

Per: ______________________
Name: CHRIS BURR
Title: LAWYER

Per: ______________________
Name:
Title:

LOCKE LORD LLP

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

LEWIS ROCA ROTHGERBER LLP

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

BLAKE, CASSELS & GRAYDON LLP

Per: ______________________

Name:

Title:

Per: ______________________

Name:

Title:

LOCKE LORD LLP

Per: ______________________

Name: David Lange (For the Firm)

Title: Attorney

Per: Matthew Olson

Name: Matthew Olson (For the Firm)

Title: Attorney

LEWIS ROCA ROTHGERBER LLP

Per: ______________________

Name: H. William Mahaffey

Title: Partner

Per: ______________________

Name:

Title:

<u>SCHEDULE "A"</u>

Acquisition Closing Agenda

See attached.

Acquisition of Fountain Quail Water Management, LLC - Closing Agenda

	Document, Task or Action
Item in – Order of Delivery	**Documents**
PRE-TRANSACTION DELIVERIES[1]	
1.	First Amendment to Company Operating Agreement[2]
2.	Approval and Vesting Order
3.	Termination of First State Bank Financing Statements
4.	Termination of AP Canada Financing Statement
5.	FIRPTA Certificate from AP USA
6.	FIRPTA Certificate from AP Canada
7.	Cancellation of the Outstanding Receivable from Company by AP Canada (note, this is to bear an effective date as of the day prior to the closing date)
8.	Discharge of Indebtedness of Company by AP USA
9.	Subordination Agreement
TRANSACTION DOCUMENT DELIVERIES[3]	
10.	Membership Interest Purchase Agreement with Schedules (AP USA as Seller, and Fountain Quail Holdings, LLC as Buyer)
11.	Membership Interest and Asset Purchase Agreement (Receiver as Seller of AP Canada assets, to sell IP and 55% Membership Interest in Company)
12.	**The Company (Fountain Quail Water Management LLC)** Officer's Certificate
	a. Certificate of Good Standing
	b. Organizational Document (and all Amendments thereto)
	c. LLC Operating Agreement
	d. Approving Resolutions
	e. Incumbency of Officers or Managers

[1] Note – Pre-Transaction Deliveries are pre-conditions to proceeding with the transaction, and should be deemed to be executed and delivered in the order provided above.
[2] To allocate all income from 1/1/2015 through the date of transfer of Company to AP-USA to extent of all losses allocated to AP USA in prior years.
[3] All transaction documents shall be delivered in the order set forth above, and, except as specifically stated in such documents, shall be treated by all parties for all tax purposes as occurring in such order.

	Document, Task or Action
13.	**AP USA** Officer's Certificate
	a. Certificate of Good Standing
	b. Organizational Document (and all Amendments thereto)
	c. Bylaws
	d. Approving Resolutions
	e. Incumbency of Officers
14.	**Buyer's (Fountain Quail Holdings, LLC)** Officer's Certificate
	a. Certificate of Good Standing
	b. Organizational Document (and all Amendments thereto)
	c. Bylaws
	d. Approving Resolutions
	e. Incumbency of Officers or Managers
15.	Documentation showing contribution of certain debt owing by AP Canada to Buyer in exchange for Class B Units.
16.	General release and discharge of all claims by AP Canada against Company
17.	General release and discharge of all claims by AP USA against Company
18.	Intellectual Property Assignment from Receiver to Buyer
19.	Bill of Sale and Assignment from Receiver to Buyer for Membership Interest (55% Membership Interest in Company)
20.	Assignment from AP USA to Buyer for Membership Interest (45% Membership Interest in Company)
Post Transaction Deliveries	
21.	First Amended and Restated Operating Agreement of Company[4]

[4] To recognize Buyer as sole owner of Company effective as of 11:59 P.M. on closing date.

SCHEDULE "B"

Wire Transfer Instructions

(Attached)

RBC
Royal Bank

INFORMATION ON PAYMENT INSTRUCTIONS

INCOMING WIRE TRANSFERS

FIELD NAME	FORMAT FOR USD PAYMENT
INTERMEDIARY BANK	JP MORGAN CHASE BANK - NEW YORK SWIFT BIC CHASUS33 FED ABA 021000021
BENEFICIARY'S BANK	ROYAL BANK OF CANADA Sun Life Plaza Branch 110, 144 – 4 Avenue SW Calgary AB T2P 3N4 Institution - 003 Transit #: 01639 SWIFT BIC ROYCCAT2
BENEFICIARY	Client Account Number – 01639 400 175 6 Client Name - Grant Thornton Limited Receiver for Aqua-Pure Ventures Inc. (USD)

FIRST AMENDMENT TO OPERATING AGREEMENT

THIS FIRST AMENDMENT TO OPERATING AGREEMENT OF FOUNTAIN QUAIL WATER MANAGEMENT, LLC is made effective as of November 19, 2015, by and among the undersigned Members, which constitute all of the members of Fountain Quail Water Management, LLC, a Texas limited liability company (the "**Company**").

RECITALS

WHEREAS, the Company was originally formed as a limited liability company under the laws of the State of Texas pursuant to the Articles of Organization dated May 19, 2004 filed with the Texas Secretary of State on May 19, 2004 and pursuant to that Limited Liability Company Agreement of the Company dated effective as of May 20, 2004 (the "**Original Agreement**"). Capitalized terms not otherwise used herein shall have the meaning ascribed to them in the Original Agreement;

WHEREAS, Aqua-Pure Ventures (USA), Inc. owns 45% of the outstanding Membership Interests;

WHEREAS Grant Thornton Limited, in its capacity as court appointed receiver of Aqua-Pure Ventures Inc. ("**Aqua-Pure Canada**"), an Alberta corporation, owns 55% of the outstanding Membership Interests;

WHEREAS Aqua-Pure Canada has provided all loans and virtually all capital to the Company;

WHEREAS Aqua-Pure Canada is intending to discharge all indebtedness owed by the Company to Aqua-Pure Canada; and

WHEREAS, as Aqua-Pure Canada bears the economic risk associated with the Company debt and Aqua-Pure does not bear any risk, the parties have agreed to amend the Original Agreement to provide that all income of the Company, including tax exempt and cancellation of indebtedness income, shall be allocated to Aqua-Pure Canada effective as of January 1, 2015.

NOW THEREFORE, for good and valuable consideration including without limitation the foregoing recitals which are hereby incorporated herein by reference, the mutual promises and covenants contained herein, and for the mutual benefit of the Members and ongoing operation of the Company, the receipt and sufficiency of which is hereby affirmed and acknowledged, the Members hereby agree as follows:

1. The following is hereby inserted immediately following section 10.3 as a new Section 10.4:

> 10.4 Allocations for 2015. Notwithstanding Sections 10.1, 10.2, and 10.3, for the Company's year commencing January 1, 2015, all income, gain, deduction, loss and credit, including any tax exempt income and income from cancellation indebtedness shall be allocated to Aqua-Pure Canada.

2. Original Section 10.4 is hereby renumbered as Section 10.5.

3. Except as provided in this amendment, the Original Agreement remains in full force and effect without any change or modification. To the extent of any inconsistencies between the terms of the Original Agreement and the terms of this amendment, the terms of this Amendment prevail and control

[Signature Page Follows]

IN WITNESS WHEREOF, the Members have executed this First Amendment to Operating Agreement of Fountain Quail Water Management, LLC effective as of the date first set forth above.

MEMBERS:

AQUA-PURE VENTURES INC.,
an Alberta corporation,

By: GRANT THORNTON LIMITED, AS COURT APPOINTED RECEIVER OF AQUA-PURE VENTURES, INC. AND NOT IN ITS CORPORATE OR PERSONAL CAPACITY

By: ______________________
Name: Andrew Basi
Title: Partner

AQUA-PURE VENTURES (USA) INC.,
a Nevada corporation,

By: ______________________
Name: ______________________
Title: ______________________

IN WITNESS WHEREOF, the Members have executed this First Amendment to Operating Agreement of Fountain Quail Water Management, LLC effective as of the date first set forth above.

MEMBERS:

AQUA-PURE VENTURES INC.,
an Alberta corporation,

By: GRANT THORNTON LIMITED, AS COURT APPOINTED RECEIVER OF TRANSFEROR AND NOT IN ITS CORPORATE OR PERSONAL CAPACITY

By: ______________________
Name: ______________________
Title: ______________________

AQUA-PURE VENTURES (USA) INC.,
a Nevada corporation,

By: ______________________
Name: Richard Broderick
Title: President

**ACTION BY UNANIMOUS WRITTEN CONSENT
OF
THE BOARD OF DIRECTORS
AND SOLE SHAREHOLDER
OF
AQUA-PURE VENTURES (USA), INC.**

Effective as of the 19th day of November, 2015, the undersigned, being the sole member of the Board of Directors (the "Board") and the sole shareholder (the "Shareholder") of Aqua-Pure Ventures (USA), Inc., a Nevada corporation (the "Company"), hereby consent to, vote in favor of and adopt the following resolutions by unanimous written consent, without a meeting of the Board or Shareholder and without prior notice (and any requirement of prior notice is hereby waived):

WHEREAS, the Board and the Shareholder have determined that it is in the best interest of the Company to enter into that Membership Interest Purchase Agreement dated the 19th day of November, 2015 (the "Purchase Agreement") by and among the Company, Fountain Quail Water Management, LLC, a Texas limited liability company ("FQWM"), and Fountain Quail Holdings, LLC, a Delaware limited liability company ("Buyer"), pursuant to which, among other provisions, the Company agrees to sell to Buyer, and Buyer agrees to purchase, forty-five percent (45%) of the outstanding membership interests of FQWM, which are held by the Company.

NOW THEREFORE BE IT RESOLVED, that the Board and Shareholder hereby authorize, approve, and direct the execution, delivery and performance of the Purchase Agreement, together with all other documents and instruments to which it is a party in order to effect the transactions contemplated by the same (collectively, the "Transaction Documents").

RESOLVED, that the following persons (collectively, the "Authorized Officers") be, and hereby are, authorized, empowered and directed individually or collectively to execute and deliver the Transaction Documents in the name and on behalf of the Company with such additions, deletions or changes therein (including, without limitation, any additions, deletions or changes to any schedules or exhibits thereto) as the Authorized Officers shall approve (the execution and delivery thereof by any of the Authorized Officers to be conclusive evidence of approval of any such additions, deletions or changes).

Authorized Officers	
Name	Title
1. Richard Broderick	President
2. Brent Halldorson	Secretary

RESOLVED, that the Authorized Officers be, and each hereby is, individually and collectively authorized, empowered and directed to take all such further action and to execute and deliver all such further agreements, certificates, instruments and documents, in the name and on behalf of the Company; to pay or cause to be paid all costs, expenses and fees; to take all such other actions as the Authorized Officers shall deem necessary, desirable, advisable or appropriate to consummate, effectuate, carry out or further the transactions contemplated by and the intent and purposes of the foregoing resolutions and the Transaction Documents.

RESOLVED, the Board and Shareholders hereby approve, ratify, and confirm all acts, transactions, agreements, instruments, certificates, and documents and all of the terms, provisions and conditions included in the agreements, instruments, certificates and documents undertaken prior to the adoption of these resolutions by the Authorized Officers in connection with the matters contemplated by the foregoing resolutions.

RESOLVED, that the Authorized Officers are authorized and directed to execute and deliver any certificates required to be delivered pursuant to or in connection with the transactions contemplated in the preceding resolutions and to make such attestations as may be required pursuant to or in connection with such transactions.

[*Signature page follows*]

This Unanimous Written Consent of the members of the Board of Directors and the Shareholder of Aqua-Pure Ventures (USA), Inc., a Nevada corporation, which may be executed in counterparts and transmitted electronically, each of which when taken together shall constitute one and the same instrument, is executed as of the date first set forth above.

BOARD OF DIRECTORS:

____
Printed Name: James McMillan

SHAREHOLDER:

AQUA-PURE VENTURES INC.,
an Alberta corporation,

By: GRANT THORNTON LIMITED, AS COURT APPOINTED RECEIVER OF AQUA-PURE VENTURES INC. AND NOT IN ITS CORPORATE OR PERSONAL CAPACITY

By: ______________________________
Name: ______________________________
Title: ______________________________

This Unanimous Written Consent of the members of the Board of Directors and the Shareholder of Aqua-Pure Ventures (USA), Inc., a Nevada corporation, which may be executed in counterparts and transmitted electronically, each of which when taken together shall constitute one and the same instrument, is executed as of the date first set forth above.

BOARD OF DIRECTORS:

____
Printed Name: James McMillan

SHAREHOLDER:

AQUA-PURE VENTURES INC.,
an Alberta corporation,

By: GRANT THORNTON LIMITED, AS COURT APPOINTED RECEIVER OF AQUA-PURE VENTURES, INC. AND NOT IN ITS CORPORATE OR PERSONAL CAPACITY

By: ____________________
Name: Andrew Basi
Title: Partner

CLERK OF THE COURT
FILED
AUG 25 2015
JUDICIAL CENTRE OF CALGARY

COURT FILE NUMBER	1501-09111
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF	HALLMARK RESOURCES LTD.
DEFENDANT	AQUA-PURE VENTURES INC.
DOCUMENT	**ORDER**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**BENNETT JONES LLP** Barristers and Solicitors 4500, 855 – 2nd Street S.W. Calgary, Alberta T2P 4K7 Attention: Alexis Teasdale Telephone No.: 403-298-3067 Fax No.: 403-265-7219 Client File No.: 29736-27

DATE ON WHICH ORDER WAS PRONOUNCED: August 25, 2015

LOCATION OF HEARING OR TRIAL: Calgary Courts Centre

NAME OF JUDGE WHO MADE THIS ORDER: Justice B.E. Romaine

UPON THE APPLICATION of Grant Thornton Limited (the "Receiver") as Court-Appointed Receiver of Aqua-Pure Ventures Inc. ("Aqua-Pure"); AND UPON reviewing the Receivership Order of Justice K. Yamauchi dated August 18, 2015; AND UPON reading the Notice of Application of the Receiver filed August 21, 2015 and the First Report of the Receiver dated and filed August 24, 2015 and the Confidential Appendix thereto; AND UPON hearing from counsel for the Receiver, Hallmark Resources Ltd., and any other parties present;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Service of the Notice of Application for this Order is hereby validated and deemed good and sufficient, this application is properly returnable today, and no person other than those persons served is entitled to service of the Notice of Application.

Approval of Amending Agreement and Loan

2. The Amendment to Equipment Conditional Sale Agreement among Aqua-Pure, Fountain Quail Water Management LLC ("Fountain Quail") and Eureka Resources LLC ("Eureka") dated August 24, 2015 (the "Amending Agreement") is hereby approved and the Receiver, for and on behalf of Aqua-Pure, is hereby authorized to take any and all such steps and execute any and all such deeds, documents, and instruments, as may reasonably be necessary to consummate any and all transactions contemplated by the Amending Agreement (collectively, the "Transactions"), substantially in accordance with the terms of the Amending Agreement.

3. The Transactions shall not be void or voidable at the insistence of any persons or entities of any kind whatsoever, including, without limitation, all individuals, firms, corporations, partnerships, joint ventures, co-ventures, trusts, unincorporated organizations, governmental and administrative bodies, agencies, authorities or tribunals and all other natural persons or corporations, whether acting in their capacity as principals or agents, trustees, executives, administrators, or other legal representatives, including for greater certainty and without limiting the generality of the foregoing: (i) any persons served (either directly or through their solicitors) with the Notice of Application; and (ii) the beneficiary of any claims created or provided for pursuant to any previous Order in these proceedings including, without limitation, the Receivership Order (collectively, the "Claimants") and such Transactions shall not constitute nor shall be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, or other challengeable or reviewable transaction under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B 3, as amended or any other applicable federal or provincial legislation, and the Transactions or any actions taken therewith, shall not constitute conduct meriting an oppression remedy.

4. The Receiver is hereby authorized to advance, in its discretion, funds received from Eureka pursuant to the Amending Agreement to Fountain Quail in the form of a secured

loan, to be secured by the General Security Agreement between Aqua-Pure and Fountain Quail dated April 2, 2012.

Sealing

5. Confidential Appendix 3 to the First Report of the Monitor dated August 24, 2015 (the "Confidential Appendix") shall be sealed on the Court file and shall not form part of the public record, notwithstanding Division 4, Part 6 of the *Alberta Rules of Court.*

6. The Clerk of this Honourable Court shall file the Confidential Appendix in a sealed envelope attached to a notice that sets out the style of cause of these proceedings and states that:

   THIS ENVELOPE CONTAINS CONFIDENTIAL MATERIALS FILED BY GRANT THORNTON LIMITED, IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER OF AQUA-PURE VENTURES INC. THE CONFIDENTIAL MATERIALS ARE SEALED PURSUANT TO THE SEALING ORDER ISSUED BY MADAM JUSTICE B.E. ROMAINE ON AUGUST 25, 2015.

7. The Receiver shall serve by courier, fax transmission, email transmission or ordinary post, a copy of this Order on all parties present at this Application and on all parties who received notice of this Application or who are presently on the service list established in these proceedings and such service shall be deemed good and sufficient for all purposes.

J.C.Q.B.A. or Clerk of the Court

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (this "Agreement") is made and entered into to be effective as of October 14, 2015 (the "Effective Date") by and between Fountain Quail Holdings, LLC, a Delaware limited liability company ("Holdings"), and the person or entity indicated on the signature page below ("Holder").

WITNESSETH

WHEREAS, Holder is owed certain senior secured debt (the "Debt") by Aqua-Pure Ventures Inc., a Canadian corporation ("AQV"); and

WHEREAS, on and subject to the terms and conditions hereof, Holder desires to sell and transfer to Holdings, and Holdings desires to purchase and accept from Holder, the portion of the Debt indicated on the signature page hereto (the "Purchased Debt") in exchange for the issuance of Class B Units of Holdings to Holder.

NOW, THEREFORE, in consideration of the premises, warranties and mutual covenants set forth herein and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Purchase. Holder hereby sells, transfers and assigns to Holdings, and Holdings hereby purchases and accepts from Holder, the Purchased Debt.

2. Class B Units. Immediately prior to the consummation of the Transaction (as defined below)), Holdings shall issue to Holder 0.70 Class B Units of Holdings (the "Class B Units") for each $1.00 of outstanding principal amount of Purchased Debt in accordance with the terms of the Acceptance and Subscription Agreement between Holder and the Company (the "Subscription Agreement") and the Amended and Restated Limited Liability Company Agreement of Holdings (the "Company Agreement"). Holder acknowledges and agrees that this Agreement will only be effective, and Holder will only be issued Class B Units, upon the consummation (if any) of the transactions (collectively, the "Transaction" and the date of such consummation, if any, the "Closing Date") contemplated by that certain Bill of Sale and Membership Interest Purchase Agreement by and among Holdings, Fountain Quail Water Management, LLC, a Texas limited liability company, and Aqua-Pure Ventures (USA), Inc., a Nevada corporation and a wholly-owned subsidiary of AQV. Notwithstanding anything herein to the contrary, if the Transaction does not close for any reason (or no reason), this Agreement shall be immediately and automatically null and void and of no further force and effect. No party hereto shall have any liability to the other party hereto for any reason arising out of or relating to any such failure to consummate the Transaction.

3. Representations and Warranties of Holder. Holder hereby represents and warrants to Holdings that the statements contained in this Section 3 are true and correct as of the Effective Date and the Closing Date:

(a) Authority; Enforceability. Holder has the power to execute, deliver and perform its obligations under this Agreement. Holder has taken all necessary action to authorize such execution, delivery and performance and has on the date hereof executed and delivered this Agreement. The Agreement constitutes the valid and binding obligation of Holder and is enforceable against Holder in accordance with its terms.

(b) No Conflicts. The execution, delivery and performance of this Agreement does not violate or conflict with (i) any provision of any organizational documents of Holder (to the extent Holder is an entity), (ii) any law, rule or regulation applicable to Holder or any of the Purchased Debt or (iii) any contractual restriction binding on or affecting Holder or the Purchased Debt.

(c) Liens. Holder's interest in the Purchased Debt is free and clear of all liens, encumbrances or rights of any other person. Upon the consummation of the transactions contemplated hereby, Holdings will acquire good and valid title to the Purchased Debt, free and clear of any liens, encumbrances or rights of any other person.

(d) Litigation. There is no claim, action, suit, proceeding, arbitration, complaint, charge or investigation pending, or to Holder's knowledge, currently threatened against Holder that questions the validity of this Agreement or the right of Holder to consummate the transactions contemplated hereby or that affects the Purchased Debt in any way.

4. Representations and Warranties of Holdings. Holdings hereby represents and warrants to Holder that the statements contained in this Section 4 are true and correct as of the Effective Date and the Closing Date:

(a) Authority; Enforceability. Holdings has the power to execute, deliver and perform its obligations under this Agreement. Holdings has taken all necessary company action to authorize such execution, delivery and performance and has on the date hereof executed and delivered this Agreement. The Agreement constitutes the valid and binding obligation of Holdings and is enforceable in accordance with its terms.

(b) No Conflicts. The execution, delivery and performance of this Agreement does not violate or conflict with (i) any provision of any organizational documents of Holdings, (ii) any Law applicable to Holdings or (iii) any contractual restriction binding on or affecting Holdings.

5. Indemnity. Holder agrees to be solely financially responsible for, and shall defend, indemnify and hold harmless Holdings from and against any claim, loss, cost, damage of every kind or nature, expense, fine, debt, penalty, deficiency, cause of action, proceeding or obligation, including amounts paid in investigation, defense or settlement, including court costs and expenses, and reasonable attorneys' fees and expenses which arises out of or in connection with (collectively, a "Loss") (i) the breach of any representations, warranties or covenants furnished by Holder in this Agreement; or (ii) any Loss related to the Purchased Debt arising out of events that first accrue or occur before the Effective Date. Holder agrees and acknowledges that Holdings shall have a right of offset against any amounts otherwise payable with respect to Holder's Class B Units to satisfy Holder's obligations in this Section 5. Any such offset amounts shall be deemed to have been paid to the undersigned.

6. Future Cooperation on Subsequent Documents. All parties hereto mutually agree to cooperate at all times from and after the date hereof with respect to the supplying of any information requested by the other regarding any of the matters described in this Agreement, and each agrees to execute such further deeds, mortgages, bills of sale, assignments, amendments, releases or other documents as may be reasonably requested for the purpose of giving effect to, evidencing or giving notice of the transactions described herein, including but not limited to the Subscription Agreement and the Company Agreement.

7. Security Interests. On the Closing Date (and immediately prior to the consummation of the Transaction), Holder hereby (a) automatically and irrevocably releases any and all liens and security interests which it may have against the assets and properties of AQV or any of its affiliates (provided that no such release shall be effective if the Transaction is not consummated), (b) authorizes AQV and any of its agents, attorneys or designees to execute, deliver and file, as applicable, on the undersigned's behalf, any and all UCC-3 termination statements and releases of liens, terminating and releasing the undersigned's security interests in all assets and properties of AQV or any of its affiliates, (c) releases all guarantors of AQV's obligations related to the Debt fully from his, her or its guaranty obligations (the "Guaranty") and (d) agrees to execute and deliver such other documents and instruments as shall be necessary or reasonably requested by AQV to evidence the satisfaction and discharge of the Debt and the termination and release of any liens, security interests or other rights of the undersigned in the assets and properties of AQV or any of its affiliates and the termination and release of the Guaranty.

8. Successors and Assigns. This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective heirs, legal representatives, successors and assigns. Holder acknowledges that Holder may not assign this Agreement or any of his, her or its interests herein without the prior written consent of Holdings and any attempted assignment without such consent shall be void and without effect.

9. Modification and Waiver. No supplement, modification, waiver or termination of this Agreement or any provisions hereof shall be binding unless executed in writing by the parties to be bound thereby. No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provision (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

10. Governing Law; Exclusive Venue. THIS AGREEMENT AND THE APPLICATION OR INTERPRETATION HEREOF SHALL BE GOVERNED EXCLUSIVELY BY THE LAWS OF THE STATE OF DELAWARE. THE PARTIES HERETO FURTHER AGREE THAT ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY DOCUMENT RELATING HERETO MAY BE BROUGHT ONLY IN A STATE COURT OF COMPETENT JURISDICTION IN HARRIS COUNTY, TEXAS. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING, BUT NOT LIMITED TO, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON-CONVENIENCE, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF SUCH ACTION OR PROCEEDING IN ANY SUCH RESPECTIVE JURISDICTION.

11. Survival of Covenants, Agreements, Representations and Warranties. Except as otherwise expressly provided herein, all representations, warranties, covenants and agreements made hereunder or pursuant hereto or in connection with the transactions contemplated hereby shall

AK

survive the closing of the transactions contemplated hereby and shall continue in full force and effect thereafter.

12. Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws, such provision shall be fully severable, this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement.

13. Counterparts, Execution by Facsimile. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, all of which shall constitute the same instrument and all of which together shall constitute the agreement of the parties. For purposes of executing this Agreement, a document signed and transmitted by facsimile machine, telecopier or electronic mail shall be treated as an original document. The signature of any party thereon shall be considered an original signature, and the document transmitted shall be considered to have the same binding legal effect as an original signature on an original document. At the request of any party, any facsimile, telecopy or other electronic document shall be re-executed by the parties in original form. No party hereto may raise the use of a facsimile machine, telecopier or electronic mail or the fact that any signature was transmitted through the use of a facsimile machine, telecopier or electronic mail as a defense to the enforcement of this Agreement or any amendment executed in compliance with this Section 13.

[Signature page to follow.]

IN WITNESS WHEREOF, this Agreement is executed as of the Effective Date.

Debt Holder desires to be purchased by Holdings:

$ ~~100,000~~
(Maximum of $200,000)

HOLDER:

If an INDIVIDUAL:

Edward M. Giles
Print Name

Edw M Giles
Signature

Date: October 14, 2015

If an ENTITY:

____
Name of Entity

By:______________________________
Name:______________________________
Title:______________________________

Date: October ___, 2015

IN WITNESS WHEREOF, this Agreement is executed as of the Effective Date.

Debt Holder desires to be purchased by Holdings: $100,000

$ CONVERTING ALL OF MY
(Maximum of $100,000)
DEBT HOLDINGS INTO EQUITY.

HOLDER:

If an INDIVIDUAL:

Michael N. Emmerman
Print Name

Signature

Date: October 15, 2015

If an ENTITY:

____
Name of Entity

By:______________________________
Name:______________________________
Title:______________________________

Date: October ___, 2015

IN WITNESS WHEREOF, this Agreement is executed as of the Effective Date.

HOLDER:

Debt Holder desires to be purchased by Holdings:

$300,000.00
(Maximum of $300,000)

If an INDIVIDUAL:

____
Print Name

____
Signature

Date: October ___, 2015

If an ENTITY:

One GT Associates
Name of Entity

By: Jay R Harris
Name: JAY R Harris
Title: Managing General Partner

Date: October 13, 2015

[SIGNATURE PAGE TO PURCHASE AGREEMENT]

IN WITNESS WHEREOF, this Agreement is executed as of the Effective Date.

HOLDER:

Debt Holder desires to be purchased by Holdings:

$ 50,000

(Maximum of $100,000)

If an INDIVIDUAL:

Raffaele Ricci

Print Name

Signature

Date: October 05, 2015

If an ENTITY:

Name of Entity

By:________________________________

Name:______________________________

Title:______________________________

Date: October ___, 2015

IN WITNESS WHEREOF, this Agreement is executed as of the Effective Date.

Debt Holder desires to be purchased by Holdings:

$ 25,000
(Maximum of $25,000)

HOLDER:

If an INDIVIDUAL:

Damian Harniess
Print Name

Signature

Date: October 21, 2015

If an ENTITY:

____
Name of Entity

By:______________________________
Name:____________________________
Title:_____________________________

Date: October ___, 2015

IN WITNESS WHEREOF, this Agreement is executed as of the Effective Date.

Debt Holder desires to be purchased by Holdings:

$ 100,000/=
(Maximum of $100,000)

HOLDER:

If an INDIVIDUAL:

____
Print Name

____
Signature

Date: October ___, 2015

If an ENTITY:

Kaiki Properties Limited
Name of Entity

By:______________________________
Name: D. Kelvan Dorjiah for JT Nominees Ltd.
Title: Director

Date: October 14, 2015

IN WITNESS WHEREOF, this Agreement is executed as of the Effective Date.

Debt Holder desires to be purchased by Holdings:

$ 5,001,163
(Maximum of $5,001,163)

HOLDER:

If an INDIVIDUAL:

____
Print Name

____
Signature

Date: October __, 2015

If an ENTITY:

Hallmark Resources Ltd.
Name of Entity

By: BH
Name: Brent Halldorson
Title: President

Date: October 7, 2015

[SIGNATURE PAGE TO PURCHASE AGREEMENT]

INTERCREDITOR, AGENCY AND PRIORITY AGREEMENT

THIS AGREEMENT dated as of the 20th day of July, 2015.

AMONG:

HALLMARK RESOURCES LTD. a body corporate having an office located in Calgary, Alberta (hereinafter referred to as "**Hallmark**")

- and -

THE HOLDERS OF THE FIRST NOTES (defined below), listed on **Schedule "A"** attached hereto (hereinafter referred to as the "**First Noteholders**")

- and -

THE HOLDERS OF THE SECOND NOTES (defined below), listed on **Schedule "B"** attached hereto (hereinafter referred to as the "**Second Noteholders**", together with the First Noteholders, the "**Noteholders**")

WHEREAS Aqua-Pure Ventures Inc. ("**Aqua-Pure**") issued a secured convertible debenture in favour of Hallmark on November 10, 2009 in the amount of $7,020,000 (the "**Debenture**") and granted Hallmark a security interest in all of the present and after-acquired personal property of Aqua-Pure as more particularly described therein (the "**Hallmark Security**");

AND WHEREAS Aqua-Pure issued secured promissory notes on March 5, 2013 in the aggregate principal amount of US $2,150,000 (the "**First Notes**") to the First Noteholders;

AND WHEREAS Aqua-Pure issued secured promissory notes on August 8, 2013 in the aggregate principal amount of US $2,200,000 (the "**Second Notes**") to the Second Noteholders;

AND WHEREAS the First Notes and the Second Notes provide the Noteholders with a security interest in all of the present and after-acquired personal property of Aqua-Pure as more particularly described therein (the "**Noteholder Security**");

AND WHEREAS the Noteholders appointed CSC Trust Company of Delaware (the "**CSC**") as Collateral Agent for the Noteholder Security (the "**Collateral Agent**") pursuant to two separate Collateral Agent Agreements, dated March 5, 2013 and August 8, 2013 (collectively, the "**Collateral Agent Agreements**");

AND WHEREAS on July 16, 2015, CSC provided Aqua-Pure with a 60-day notice that it was terminating its role as Collateral Agent pursuant to the terms of the Collateral Agent Agreements;

AND WHEREAS on July 10, 2015, Hallmark served a formal demand on Aqua-Pure for amounts owing from Aqua-Pure to Hallmark under the Debenture and certain other debt instruments issued from Aqua-Pure to Hallmark;

AND WHEREAS Aqua-Pure is in default of its quarterly interest payment obligations under the First Notes and the Second Notes;

AND WHEREAS Aqua-Pure has engaged an advisory firm that has recently conducted a sale process for all or substantially all of the assets of Aqua-Pure or Aqua-Pure's wholly-owned subsidiary, Fountain Quail Water Management, LLC ("**Fountain Quail**");

AND WHEREAS as a result of the Sale Process, Aqua-Pure received a number of expressions of interest, including a Term Sheet, dated July 6, 2015, from CSL Capital Management, LLC, (the "**CSL Term Sheet**"), attached to this Agreement as **Schedule "C"**;

AND WHEREAS the parties to this Agreement want Aqua-Pure to pursue the transaction contemplated by the CSL Term Sheet (the "**CSL Transaction**"), as it will provide the parties with the greatest possible recovery of their indebtedness;

AND WHEREAS the parties to this Agreement have agreed that the most expedient way to proceed with the CSL Transaction is through the appointment of a receiver and manager over the assets, property and undertakings of Aqua-Pure as provided for by the Hallmark Security, the Noteholder Security and/or by the laws of the Province of Alberta;

AND WHEREAS the Noteholders wish to appoint Hallmark as Collateral Agent in place of CSC and wish to clarify the relative priorities of the Hallmark Security and the Noteholder Security;

NOW THEREFORE in consideration of the covenants herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby covenant, undertake, declare and agree as follows:

ARTICLE 1
AGENCY

1.1 In accordance with Section 7(d) of the Collateral Agent Agreements, the Noteholders hereby consent and agree to the assignment of CSC's rights and obligations under the Collateral Agent Agreements to Hallmark and for Hallmark to be appointed as Collateral Agent thereunder.

1.2 The Noteholders further consent to and direct CSC to amend all financing statements filed against Aqua-pure in favour of the Noteholders with respect to the Noteholder Security by listing Hallmark as the secured party of record thereon.

ARTICLE 2
PRIORITIES

2.1 Hallmark and the Noteholders agree that the Hallmark Security and the Noteholder Security and all of the indebtedness secured thereby shall rank *pari passu* in all events and circumstances notwithstanding:

(a) the date of execution, attachment, registration or perfection of the Debenture, the Hallmark Security, the First Notes, the Second Notes, the Noteholder Security or any other security interest held by the parties to this Agreement;

(b) the date of any advance or advances made to Aqua-Pure by Hallmark or the Noteholders;

(c) the date of default by Aqua-Pure under either of the Hallmark Security or the Noteholder Security;

(d) the institution of any proceedings, the dates of crystallization of any floating charges or other encumbrances held by Hallmark or the Noteholders, or the taking of any steps or the giving of any notices in connection with the enforcement of any of the Hallmark Security or the Noteholder Security, including the giving of any demand for payment of indebtedness, appointment of a receiver or receiver and manager or notice in respect of any assignment;

(e) the terms of any other agreements or documents to which Hallmark or the Noteholders are parties;

(f) any priority granted by any principle of law or any statutory legislation, including the *Personal Property Security Act* (Alberta), *Land Titles Act* (Alberta), *Law of Property Act* (Alberta), *Mines and Minerals Act* (Alberta) or any similar statutes in Alberta or any other jurisdiction; or

(g) any other matter whatsoever.

2.2 No creditor of Aquapure, other than Hallmark and the Noteholders or their successors and assigns, no trustee in bankruptcy, receiver or receiver-manager of Aqua-Pure and no other person shall be entitled to any benefit under this Agreement so as to claim any priority over Hallmark or the Noteholders and this Agreement may not be relied upon by any other party or referenced in any proceeding by any party not a signatory hereto other than is set forth herein.

ARTICLE 3
COVENANTS OF THE PARTIES

3.1 Approval of the CSL Transaction

The parties covenant and agree that the CSL Term Sheet, and the consideration offered to the Noteholders and Hallmark thereunder, provides the Noteholders and Hallmark with the greatest possible recovery and benefit in the current circumstances. The parties acknowledge that the form of the CSL Transaction is subject to change, and that CSL may elect to purchase all of the assets of Aqua-Pure or all of the assets of Fountain Quail. The parties covenant and agree to support the consummation of the CSL Transaction, regardless of the form of the transaction, provided that the consideration offered to the Noteholders and Hallmark remains unchanged.

3.2 Appointment of a Receiver and Manager

The parties to this Agreement hereby authorize Hallmark, both in its capacity as Collateral Agent on behalf of the Noteholders and/or in its personal capacity, to apply to the Court of Queen's Bench of Alberta for a Court Order appointing a Receiver and Manager over the assets, property and undertakings of Aqua-Pure (the "**Receiver**") in order to facilitate the consummation of the CSL Transaction.

The parties to this Agreement understand and acknowledge that once appointed the Receiver once will be an independent court officer that:

(a) has duties to all stakeholders of Aqua-Pure;

(b) will not be obligated or bound to proceed with the CSL Transaction;

(c) may, in its sole discretion, choose to proceed with a different sale transaction; and/or

(d) may, at the direction of the Court or on its own accord, conduct a further sales process for the assets of Aqua-Pure and/or Fountain Quail in order to solicit further offers.

3.3 **Collateral Agent's Reimbursement and Indemnification**

In addition to the fees the Collateral Agent is entitled to from the Noteholders under the Collateral Agent Agreements, both Hallmark and the Noteholders agree to reimburse and indemnify the Collateral Agent for all legal fees, costs and other expenses relating to the following:

(a) the court proceedings to appoint the Receiver over Aqua-pure, as well as subsequent applications and appearances in those court proceedings;

(b) any indemnity that Hallmark, either in its personal capacity or as Collateral Agent, provides to the Receiver; and

(c) the preparation of this Agreement; and

(d) all other fees and expenses reasonably incurred by the Collateral Agent for the benefit of the Noteholders and Hallmark.

Hallmark and the Noteholders covenant and agree to share the expenses referenced in Section 3.3 (a) – (d) herein on a *pro rata* basis in proportion to the relative amounts of every parties' secured debt as of December 31, 2014, as set out in **Schedule "D"** hereto.

3.4 **Exculpation**

Neither the Collateral Agent nor any of its directors, officers, affiliates, agents or employees shall have any responsibilities or duties to the Noteholders beyond those set out in the Collateral Agent Agreements and this Agreement.

3.5 **Rights as Secured Party**

Notwithstanding that Hallmark is acting as the Collateral Agent, Hallmark in its individual capacity shall have the same rights and powers hereunder as any Noteholder and may exercise the same as though it were not the Collateral Agent, and the term "Noteholder" shall include Hallmark in its individual capacity.

3.6 **Assignments**

Hallmark shall not assign the Debenture and Hallmark Security (or either of them) and the Noteholders shall not assign the First Notes, Second Notes and Noteholder Security (or any of them) without giving notice to the other parties and first causing the assignee thereof to become bound by the terms, covenants, conditions and provisions of this Agreement in the place and stead of the assignor, to the extent of such assignment whereupon such assignee shall become a party to this Agreement to the same extent as if it had been an original party hereto.

3.7 **Further Assurances**

Hallmark and the Noteholders agree that they shall execute and deliver to one another such deeds, documents, instruments and assurances as may be reasonably required by the other lender from time to time to reflect or confirm the terms hereof and that it shall from time to time provide such information regarding the indebtedness owing to it as the other parties to this Agreement may reasonably request.

ARTICLE 4
GENERAL

4.1 No party shall take any action to defeat the priorities set forth in this Agreement, including challenging the creation, validity, registration or other perfection of the security held by Hallmark, the Noteholders or the Collateral Agent, and each party hereby waives any right the other may have to require the other to marshal in its favour.

4.2 Each party shall do, perform, execute and deliver all acts, deeds and documents as may be necessary from time to time to give full force and effect to the intent of this Agreement, provided however, that no consent of a party shall be necessary to any amendment of the terms hereof by the other parties hereto unless the interests of such party are directly affected thereby.

4.3 The parties hereto have participated jointly in the negotiation and drafting of this Agreement and have either consulted legal counsel or been given the opportunity to consult legal counsel. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favouring or disfavouring any party by virtue of the authorship of any provisions of this Agreement.

4.4 In the event of a conflict between any provision of this Agreement and any provision of the Debenture, the Hallmark Security, the First Notes, the Second Notes, the Noteholder Security or any other agreement, the provision of this Agreement shall govern.

4.5 All notices and other communications provided to any party, under this Agreement or the Collateral Agent Agreements, shall be sent to the parties at: (i) in the case of the Noteholders, to the addresses set out in Schedule "A" and Schedule "B" to this Agreement, and (ii) in the case of Hallmark and the Collateral Agent to the address for Hallmark set out in Schedule "B". Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by prepaid courier service, shall be deemed given when received and the burden on proving receipt shall be on the transmitting party.

4.6 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

4.7 This Agreement shall be governed by, and construed and enforced in accordance with, the applicable laws prevailing in the Province of Alberta and the laws of Canada applicable therein. The parties irrevocably:

(a) submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Agreement, or any of the transactions contemplated hereby;

(b) waive all right to object to jurisdiction of such courts in any legal action or proceeding relative to this Agreement or the transactions contemplated hereby or execution of any judgment, order or decree issued in or as a result of any such action, suit or proceeding which they may now or hereafter have by reason of domicile or otherwise;

(c) waive any objection to the laying of venue in such courts of any of the aforesaid actions, suits or proceedings arising out of or in connection with this Agreement or the transactions contemplated hereby;

(d) waive and agree not to plead or claim that any action, suit or proceeding in such courts has been brought in an inconvenient forum; and

(e) waive any right they may have to, or to apply for, trial by jury in connection with any matter, action, proceeding, claim or counterclaim arising out of or relating to this Agreement or any of the transactions contemplated hereby.

4.8 This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and shall be effective as of the formal date hereof. This Agreement may be executed and delivered by email or telecopier with such execution and delivery hereof binding on all parties hereto.

[Signature page to follow]

THIS INTERCREDITOR, AGENCY AND PRIORITY AGREEMENT executed effective the date first written.

HALLMARK RESOURCES LTD. in its personal capacity

Per: [signature]
Name: Brent Halldorson
Title: President

Per: ______________________
Name:
Title:

HALLMARK RESOURCES LTD. in its capacity as Collateral Agent

Per: [signature]
Name: Brent Halldorson
Title: President

Per: ______________________
Name:
Title:

BRIO CAPITAL MASTER FUND LTD.

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

ONE GT ASSOCIATES

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

HEARTLAND BANK AND TRUST as Custodian for Rex J. Bates Separate Trust

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

TWINLO INVESTMENT LTD.

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

THIS INTERCREDITOR, AGENCY AND PRIORITY AGREEMENT executed effective the date first written.

HALLMARK RESOURCES LTD. in its personal capacity

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

HALLMARK RESOURCES LTD. in its capacity as Collateral Agent

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

BRIO CAPITAL MASTER FUND LTD.

Per: ______________________
Name: Shaye Hirsch
Title: Director

Per: ______________________
Name: Shaye Hirsch
Title: Director

ONE GT ASSOCIATES

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

HEARTLAND BANK AND TRUST as Custodian for Rex J. Bates Separate Trust

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

TWINLO INVESTMENT LTD.

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

THIS INTERCREDITOR, AGENCY AND PRIORITY AGREEMENT executed effective the date first written.

HALLMARK RESOURCES LTD. in its personal capacity

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

HALLMARK RESOURCES LTD. in its capacity as Collateral Agent

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

BRIO CAPITAL MASTER FUND LTD.

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

ONE GT ASSOCIATES

Per: Jery R Harris
Name:
Title: Managing General Partner

Per: ______________________
Name:
Title:

HEARTLAND BANK AND TRUST as Custodian for Rex J. Bates Separate Trust

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

TWINLO INVESTMENT LTD.

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

THIS INTERCREDITOR, AGENCY AND PRIORITY AGREEMENT executed effective the date first written.

HALLMARK RESOURCES LTD. in its personal capacity

Per: ____________________
Name:
Title:

Per: ____________________
Name:
Title:

HALLMARK RESOURCES LTD. in its capacity as Collateral Agent

Per: ____________________
Name:
Title:

Per: ____________________
Name:
Title:

BRIO CAPITAL MASTER FUND LTD.

Per: ____________________
Name:
Title:

Per: ____________________
Name:
Title:

ONE GT ASSOCIATES

Per: ____________________
Name:
Title:

Per: ____________________
Name:
Title:

HEARTLAND BANK AND TRUST as Custodian for Rex J. Bates Separate Trust

Per: Gregg M'E VP & STO
Name: Gregg McElroy
Title: VP & STO

Per: ____________________
Name:
Title:

TWINLO INVESTMENT LTD.

Per: ____________________
Name:
Title:

Per: ____________________
Name:
Title:

THIS INTERCREDITOR, AGENCY AND PRIORITY AGREEMENT executed effective the date first written.

HALLMARK RESOURCES LTD. in its personal capacity

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

HALLMARK RESOURCES LTD. in its capacity as Collateral Agent

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

BRIO CAPITAL MASTER FUND LTD.

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

ONE GT ASSOCIATES

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

HEARTLAND BANK AND TRUST as Custodian for Rex J. Bates Separate Trust

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

TWINLO INVESTMENT LTD.

Per: ______________________
Name: DORIAN PROSDOCIMI
Title:

Per: ______________________
Name:
Title:

PROSDOCIMI LIMITED	**RALTA LTD.**
Per: ______________________	Per: ______________________
Name: DORIAN PROSDOCIMI	Name:
Title: CEO	Title:
Per: ______________________	Per: ______________________
Name:	Name:
Title:	Title:

DOMINION EMPLOYEE BENEFIT TRUSTEES LIMITED as Trustee of the Friedman Ramsey Employee Benefit Trust - Dorian Prosdocimi	**BOKF, N.A. dba COLORADO STATE BANK AND TRUST, Trustee for the George F. Wood SD Roth IRA #1**
Per: ______________________	Per: ______________________
Name:	Name:
Title:	Title:
Per: ______________________	Per: ______________________
Name:	Name:
Title:	Title:

Witness:	**JAMES DENGLER**
Witness:	**MICHAEL N. EMMERMAN**
Witness:	**EDWARD M. GILES**
Witness:	**DAMIAN HARNIESS**
Witness:	**GIUSEPPE TONI MASCOLO**

PROSDOCIMI LIMITED

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

~~RALTA LTD~~. Kaiki Properties Limited.

Per: ______________________
Name: Jerome Fossick for
Title: 3T Nominees Ltd (Director).

Per: ______________________
~~Name:~~
~~Title:~~

DOMINION EMPLOYEE BENEFIT TRUSTEES LIMITED as Trustee of the Friedman Ramsey Employee Benefit Trust - Dorian Prosdocimi

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

BOKF, N.A. dba COLORADO STATE BANK AND TRUST, Trustee for the George F. Wood SD Roth IRA #1

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

____
Witness:

____
JAMES DENGLER

____
Witness:

____
MICHAEL N. EMMERMAN

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Witness:

____
EDWARD M. GILES

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Witness:

____
DAMIAN HARNIESS

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Witness:

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GIUSEPPE TONI MASCOLO

PROSDOCIMI LIMITED

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

RALTA LTD.

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

DOMINION EMPLOYEE BENEFIT TRUSTEES LIMITED as Trustee of the Friedman Ramsey Employee Benefit Trust - Dorian Prosdocimi

Per: ______________________________
Name: WAHEED ANJUM ANTHONY SMITH
Title: DIRECTOR SENIOR MANAGER

Per: ______________________________
Name:
Title:

BOKF, N.A. dba COLORADO STATE BANK AND TRUST, Trustee for the George F. Wood SD Roth IRA #1

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

Witness:	**JAMES DENGLER**
Witness:	**MICHAEL N. EMMERMAN**
Witness:	**EDWARD M. GILES**
Witness:	**DAMIAN HARNIESS**
Witness:	**GIUSEPPE TONI MASCOLO**

PROSDOCIMI LIMITED

Per: ____________________
Name:
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Per: ____________________
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RALTA LTD.

Per: ____________________
Name:
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Per: ____________________
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DOMINION EMPLOYEE BENEFIT TRUSTEES LIMITED as Trustee of the Friedman Ramsey Employee Benefit Trust - Dorian Prosdocimi

Per: ____________________
Name:
Title:

Per: ____________________
Name:
Title:

BOKF, N.A. dba COLORADO STATE BANK AND TRUST, Trustee for the George F. Wood SD Roth IRA #1

Per: Margaret A. Nemmers
Name: MARGARET A. NEMMERS
Title: ASSISTANT VICE PRESIDENT; TRUST OFFICER

Per: ____________________
Name:
Title:

Witness:	JAMES DENGLER
Witness:	MICHAEL N. EMMERMAN
Witness:	EDWARD M. GILES
Witness:	DAMIAN HARNIESS
Witness:	GIUSEPPE TONI MASCOLO

PROSDOCIMI LIMITED

Per: ______________________________
Name:
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Per: ______________________________
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RALTA LTD.

Per: ______________________________
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Per: ______________________________
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DOMINION EMPLOYEE BENEFIT TRUSTEES LIMITED as Trustee of the Friedman Ramsey Employee Benefit Trust - Dorian Prosdocimi

Per: ______________________________
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Per: ______________________________
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BOKF, N.A. dba COLORADO STATE BANK AND TRUST, Trustee for the George F. Wood SD Roth IRA #1

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

Thomas G. Dengler
Witness:

James Dengler
JAMES DENGLER

____
Witness:

____
MICHAEL N. EMMERMAN

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Witness:

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EDWARD M. GILES

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Witness:

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DAMIAN HARNIESS

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Witness:

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GIUSEPPE TONI MASCOLO

PROSDOCIMI LIMITED

Per: ______________________________
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RALTA LTD.

Per: ______________________________
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Per: ______________________________
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DOMINION EMPLOYEE BENEFIT TRUSTEES LIMITED as Trustee of the Friedman Ramsey Employee Benefit Trust - Dorian Prosdocimi

Per: ______________________________
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Per: ______________________________
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BOKF, N.A. dba COLORADO STATE BANK AND TRUST, Trustee for the George F. Wood SD Roth IRA #1

Per: ______________________________
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Title:

Per: ______________________________
Name:
Title:

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Witness:

____
JAMES DENGLER

Myah Tan
____
Witness:

____
MICHAEL N. EMMERMAN

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Witness:

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EDWARD M. GILES

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Witness:

____
DAMIAN HARNIESS

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Witness:

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GIUSEPPE TONI MASCOLO

PROSDOCIMI LIMITED

Per: ______________________
Name:
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Per: ______________________
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RALTA LTD.

Per: ______________________
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Per: ______________________
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DOMINION EMPLOYEE BENEFIT TRUSTEES LIMITED as Trustee of the Friedman Ramsey Employee Benefit Trust - Dorian Prosdocimi

Per: ______________________
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Per: ______________________
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BOKF, N.A. dba COLORADO STATE BANK AND TRUST, Trustee for the George F. Wood SD Roth IRA #1

Per: ______________________
Name:
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Per: ______________________
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Title:

Witness:	**JAMES DENGLER**
Witness:	**MICHAEL N. EMMERMAN**
Witness:	**EDWARD M. GILES**
Witness:	**DAMIAN HARNIESS**
Witness:	**GIUSEPPE TONI MASCOLO**

PROSDOCIMI LIMITED

Per: ______________________
Name:
Title:

Per: ______________________
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RALTA LTD.

Per: ______________________
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Per: ______________________
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DOMINION EMPLOYEE BENEFIT TRUSTEES LIMITED as Trustee of the Friedman Ramsey Employee Benefit Trust - Dorian Prosdocimi

Per: ______________________
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Per: ______________________
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BOKF, N.A. dba COLORADO STATE BANK AND TRUST, Trustee for the George F. Wood SD Roth IRA #1

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

____
Witness:

____
JAMES DENGLER

____
Witness:

____
MICHAEL N. EMMERMAN

____
Witness:

____
EDWARD M. GILES

____
Witness: OLIVER BERWIN

____
DAMIAN HARNIESS

____
Witness:

____
GIUSEPPE TONI MASCOLO

PROSDOCIMI LIMITED

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

RALTA LTD.

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

DOMINION EMPLOYEE BENEFIT TRUSTEES LIMITED as Trustee of the Friedman Ramsey Employee Benefit Trust - Dorian Prosdocimi

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

BOKF, N.A. dba COLORADO STATE BANK AND TRUST, Trustee for the George F. Wood SD Roth IRA #1

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

____
Witness:

____
JAMES DENGLER

____
Witness:

____
MICHAEL N. EMMERMAN

____
Witness:

____
EDWARD M. GILES

____
Witness:

____
DAMIAN HARNIESS

MDERSCCLIASTAU
____
Witness:

____
GIUSEPPE TONI MASCOLO

Witness: | Philip K Meyer
PHILLIP K. MEYER

Witness: | KNUD ERIK NELLEMANN

Witness: | DR. SIMON & JAYA NICHOLAS

Witness: | RAFFAELE RICCI

Witness: | PIKE SULLIVAN

Witness: | LUCY WALLACE

Witness: | GEORGE F. WOOD

Witness:

PHILLIP K. MEYER

Poul Silberg

Witness:

KNUD ERIK NELLEMANN

Witness:

DR. SIMON & JAYA NICHOLAS

Witness:

RAFFAELE RICCI

Witness:

PIKE SULLIVAN

Witness:

LUCY WALLACE

Witness:

GEORGE F. WOOD

Witness:	PHILLIP K. MEYER
Witness:	KNUD ERIK NELLEMANN
Witness:	~~DR.~~ SIMON & JAYA NICHOLAS
Witness:	RAFFAELE RICCI
Witness:	PIKE SULLIVAN
Witness:	LUCY WALLACE
Witness:	GEORGE F. WOOD

Witness:	PHILLIP K. MEYER
Witness:	KNUD ERIK NELLEMANN
Witness:	DR. SIMON & JAYA NICHOLAS
Witness:	RAFFAELE RICCI
Witness:	PIKE SULLIVAN
Witness:	LUCY WALLACE
Witness:	GEORGE F. WOOD

Witness: **PHILLIP K. MEYER**

Witness: **KNUD ERIK NELLEMANN**

Witness: **DR. SIMON & JAYA NICHOLAS**

Witness: **RAFFAELE RICCI**

Witness: ~~**PIKE SULLIVAN**~~ Sullivan Trust B ®
By: Jennifer B. Lynn, Trustee

Witness: **LUCY WALLACE**

Witness: **GEORGE F. WOOD**

® Mr. Pike Sullivan died on May 8, 2013. Ownership in Aqua-Pure Ventures passed to Sullivan Trust B. If you have any questions, please call Jennifer B. Lynn at (212) 752-5255.

Witness: PHILLIP K. MEYER

Witness: KNUD ERIK NELLEMANN

Witness: DR. SIMON & JAYA NICHOLAS

Witness: RAFFAELE RICCI

Witness: PIKE SULLIVAN

James R. Wallace Lucy Wallace

Witness: LUCY WALLACE

Witness: GEORGE F. WOOD

Witness: PHILLIP K. MEYER

Witness: KNUD ERIK NELLEMANN

Witness: DR. SIMON & JAYA NICHOLAS

Witness: RAFFAELE RICCI

Witness: PIKE SULLIVAN

Witness: LUCY WALLACE

George F. Wood

Witness: GEORGE F. WOOD

SCHEDULE "A"

TO THE INTERCREDITOR, AGENCY AND PRIORITY AGREEMENT DATED AS OF THE 20TH DAY OF JULY, 2015

SCHEDULE "B"

TO THE INTERCREDITOR, AGENCY AND PRIORITY AGREEMENT DATED AS OF THE 20TH DAY OF JULY, 2015

SCHEDULE "C"

**TO THE INTERCREDITOR, AGENCY AND PRIORITY AGREEMENT
DATED AS OF THE 20TH DAY OF JULY, 2015**

SCHEDULE "D"

TO THE INTERCREDITOR, AGENCY AND PRIORITY AGREEMENT DATED AS OF THE 20TH DAY OF JULY, 2015

Name of Creditor	Secured Amount (US$) as of December 31, 2014	Pro Rata Share
Pike Sullivan	$200,000.00	1.769%
James Dengler	$50,000.00	0.442%
Phillip K. Meyer	$50,000.00	0.442%
Edward M. Giles	$200,000.00	1.769%
Michael N. Emmerman	$100,000.00	0.884%
One GT Associates	$300,000.00	2.653%
BOKF, N.A. dba Colorado State Bank and Trust Trustee for the George F. Wood SD Roth IRA #1	$100,000.00	0.884%
George F. Wood	$300,000.00	2.653%
Brio Capital Master Fund Ltd.	$500,000.00	4.422%
Lucy Wallace	$100,000.00	0.884%
Heartland Bank and Trust as Custodian for Rex J. Bates Separate Trust	$250,000.00	2.211%
Giuseppe Toni Mascolo	$500,000.00	4.422%
Dominion Employee Benefit Trustees Limited As Trustee of the Friedman Ramsey Employee Benefit Trust - Dorian Prosdocimi	$150,000.00	1.327%
Dr. Simon & Jaya Nicholas	$150,000.00	1.327%
Twinlo Investment Ltd.	$100,000.00	0.884%
Raffaele Ricci	$100,000.00	0.884%
Damian Harniess	$25,000.00	0.221%
Knud Erik Nellemann	$250,000.00	2.211%
Ralta Ltd.	$100,000.00	0.884%
Prosdocimi Limited	$125,000.00	1.106%
Hallmark Resources Ltd. (as Noteholder)	$742,000.00	6.563%
Hallmark Resources Ltd. (Debenture amount)	$6,913,831.82	61.153%