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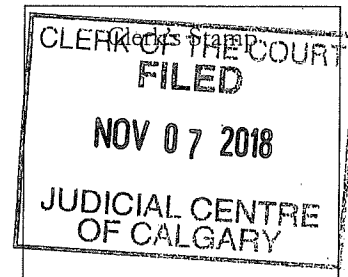
COURT: COURT OF QUEEN'S BENCH
OF ALBERTA

JUDICIAL CENTRE: CALGARY

APPLICANT: ALBERTA ENERGY REGULATOR

RESPONDENT: LEXIN RESOURCES LTD., 1051393 B.C. LTD., 0989
RESOURCE PARTNERSHIP, LR PROCESSING LTD.
and LR PROCESSING PARTNERSHIP

DOCUMENT: RECEIVER'S NINTH REPORT
NOVEMBER 7, 2018



ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING DOCUMENT

RECEIVER

Grant Thornton Limited
Suite 1100, 332 - 6 Avenue SW
Calgary, AB T2P 082

Attention: Andrew Basi / Michael Costello
Telephone: 1 (403) 296-2992 / 1 (403) 296-3087
Facsimile: 1 (403) 260-2571
E-mail: Andrew.Basi@ca.gt.com /
Michael.Costello@ca.gt.com

RECEIVER'S COUNSEL

Borden Ladner Gervais LLP
1900, 520-3rd Ave SW
Calgary, AB T2P 0R3

Attention: Robyn Gurofsky
Telephone: 1 (403) 232-9774
Facsimile: 1 (403) 266-1395
Email: rgurofsky@blg.com

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Introduction

1. On March 20, 2017, on application by the Alberta Energy Regulator (“**AER**”), the Court of Queen’s Bench of Alberta (the “**Court**”) granted an order (the “**Receivership Order**”) appointing Grant Thornton Limited (the “**Receiver**”) as receiver and manager of Lexin Resources Ltd. (“**Lexin**” or the “**Company**”).
2. On June 13, 2017, on a consent basis the Court approved a receivership order (“**Expanded Receivership Order**”) adding the following Lexin related entities to the within Receivership proceedings:
 - a) 1051393 BC Ltd. (“**105**”);
 - b) 0989 Resource Partnership (“**0989**”);
 - c) LR Processing Ltd. (“**LR Ltd**”); and
 - d) LR Processing Partnership (“**LR Partnership**”);(collectively the “**Additional Lexin Entities**” and collectively, along with Lexin, the “**Lexin Group**”).
3. The Receiver has issued eight previous reports and their supplements between March 30, 2017 and July 16, 2018 (collectively the “**Prior Reports**”). The Prior Reports should be read in conjunction with the Ninth Report.
4. Since these Prior Reports:
 - a) On June 7, 2018, a court order was issued addressing various matters on which the Receiver sought relief, including but not limited to approval of the Receiver’s engagement of parties to assist in sales mandates and a partial discharge of the Receiver over specified oil and gas regulatory licenses;

- b) On July 20, 2018, the Court denied Midstream Canada Ltd. (“**Midstream**”) its application to lift the stay for purposes of assuming operatorship of certain properties that Midstream joint-ventures with Lexin;
- c) On July 26, 2018 MFC Energy Finance Inc. (“**Finance**”) filed an application seeking an Order directing the Receiver to provide Finance with information pertaining to the theft and vandalism incident at the Mazeppa gas plant, which has been adjourned *sine die*;
- d) On August 8, 2018, the Court issued its reasons for judgment (“**Reasons for Judgment**”) with respect to the Receiver’s December 11, 2017 application for advice and direction on the validity of the Finance Loan (the “**Finance Loan Application**”);
- e) On August 10, 2018, Finance filed a notice of appeal appealing the Reasons for Judgment (the “**Notice of Appeal**”), which appeal process has been adjourned pending the outcome of this Application; and
- f) On August 16, 2018, Finance filed an application seeking a stay of the Reasons for Judgment (the “**Stay Application**”), which application has been adjourned *sine die*.

Copies of the applicable documents on the above matters, with the exception of the Midstream ruling, are available on the Receiver’s website as later referenced in this report.

5. The purpose of this report (the “**Ninth Report**”) is to provide the Court and other interested parties with information in relation to a settlement agreement (“**Settlement Agreement**”) that has been executed between the Receiver, the AER, Finance and various entities associated or affiliated with Finance, legally or otherwise. The Ninth Report is limited to information related to the Settlement Agreement for purposes of the Receiver’s application to Court for approval thereof, as required pursuant to the terms of the Settlement Agreement. Updates on other matters referenced in the Receiver’s Prior Reports will be addressed in future reports.

6. 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 the Receivership Order, the AER's originating application materials, the affidavit of Laura Chant sworn on March 11, 2017 (the "**Chant Affidavit**") and the Receiver's Prior Reports.

Limitations of Report

7. The information contained in the Ninth Report has been obtained from the available records of the Lexin Group, publicly available information, information obtained from various Lexin Group stakeholders, and discussions with former Lexin Group employees. The information was not audited or otherwise verified by the Receiver as to its accuracy or completeness, nor has it 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 Lexin Group. Accordingly, unless otherwise stated, 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 Ninth Report.
8. 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 Ninth 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.
9. A copy of the Ninth Report and other relevant documents in the receivership proceedings are available on the Receiver's website at: www.grantthornton.ca/Lexin.

Background

10. Lexin is a privately held corporation formed pursuant to the laws of British Columbia. The Company was engaged in the business of oil and gas exploration and production in Alberta.
11. The events leading up to the receivership of Lexin are outlined in the Chant Affidavit and in the First Report. In summary, Lexin had numerous regulatory orders issued against it by the

AER which resulted in the suspension of all of Lexin's AER regulated assets. In an unprecedented step taken by the AER, the AER sought the appointment of a receiver to realize upon the assets of Lexin, attend to stakeholder and creditor issues in an orderly fashion and help address many of the outstanding environmental and safety issues at the Sites and the Abandoned Sites in a court supervised process.

12. The organizational structure of the Lexin Group is discussed in our Prior Reports. For ease of reference, we have included the organizational structure and a table of defined terms for each entity in documents attached as **Appendix 1** and **Appendix 2**, respectively.
13. Further background on the Lexin Group, its assets and events leading up to the receivership proceedings are available by reviewing the Chant Affidavit and materials filed in these proceedings.

Settlement Agreement

14. After the Finance Loan Application, the AER and Finance approached the Receiver to determine if the outstanding issues between the parties could be resolved consensually.
15. After lengthy negotiations, during which time the Reasons for Judgment were issued, and the Notice of Appeal and Stay Application were filed, a Settlement Agreement dated September 24, 2018 was executed by the Receiver, the AER, Finance, 1049597 B.C. Ltd. ("**597**"), 1059032 B.C. Ltd. ("**1059**"), MFC Power Limited Partnership by its general partner, MFC Power General Partnership ("**MFC Power**") and Energy Leasing Partners Ltd. ("**ELP**") (collectively the "**Parties**"). A copy of the Settlement Agreement is appended as **Appendix 3** to this Ninth Report.
16. The Settlement Agreement addresses the following matters, which are summarized on a highlight basis below (with paragraph number in the Settlement Agreement provided for reference purposes):
 - 1.2/1.3 - Sales Process/Finance Credit Bid – Finance's credit bid is withdrawn and all Parties agreed to assist in the Receiver's conduct of its ongoing Sales Process.

- 1.4 - Equipment – all equipment claimed by 597 and ELP as outlined in the Fifth Report (“**597 equipment**” and “**ELP equipment**” respectively) will be returned to the ownership of the Lexin Group estate for the Receiver’s benefit in conducting its ongoing Sales Process.
- 1.5 - Fee Simple, Freehold Lands – the Fee Simple, Freehold Lands outlined in the Receiver’s Fifth Report (“**1059 lands**”) will be returned to the ownership of the Lexin Group estate for the Receiver’s benefit in conducting its Sales Process.
- 1.6 – Seismic - the Seismic assets outlined in the Receiver’s Fifth Report will be returned to the Lexin Group estate for the Receiver’s benefit in conducting its Sales Process, subject to the payment of \$55,000 by the Receiver to Finance. This amount represents a repayment to Finance of the amount it paid to the storage warehouse asserting a warehouseman’s lien over the Seismic prior to the receivership proceedings, which amounts the Receiver has confirmed directly with the storage warehouse.
- 1.7 – Ongoing litigation - each of the Parties agree to cease pursuit of any active or ongoing litigation in connection with the receivership of the Lexin Group and additionally agree not to institute any further legal proceedings against the other Parties or their respective affiliates. The rights of any third party to seek an assignment of any claims pursuant to section 38 of the Bankruptcy and Insolvency Act (Canada) (the “**BIA**”) is maintained.
- 1.8 – Regulatory matters - the AER retains its statutory duty under its legislation to initiate regulatory and enforcement proceedings with respect to non-compliances that arise after the date of the Settlement Agreement.
- 1.9/1.10/1.11 – Proceeds/Equipment issues – none of Finance, 597, 1059 or ELP are entitled to any distributions from the Lexin Group estate, with the exception of ELP being entitled to receive 20% of the gross proceeds of sale of the Waterton

Sites (as defined). ELP is also entitled to purchase any of the remaining ELP-claimed equipment from the Receiver for \$1, subject to various conditions.

- 1.12 – Environment Issue - Finance will provide funding to the AER to bring one specific ELP Site into environmental compliance, up to the amount of \$15,000.
- 1.13 - Historical Transactions - the Receiver and the AER have agreed not to, directly or indirectly, further challenge any historical transactions between Finance, 597 and their respective affiliates and any of the Lexin Group, including the "Reviewable Transactions" as such term was defined in the Fifth Report. For clarity the Receiver agreed not to continue or pursue the claims filed in Court of Queen's Bench Action No. 1701-14935 (the "**Action**"), a copy of which is appended to this report as **Appendix 4**.
- 1.14 – MFC Power - the Receiver has agreed that it will not challenge the 2015 sale transaction between the Lexin Group and MFC Power, provided that the Receiver is permitted to report to Court in respect of the transaction, reporting that is outlined later in this Ninth Report. The Receiver also agreed that MFC Power, on behalf of the Lexin Group that owns the Mazeppa lands upon which the MFC Power plant is located, will be permitted to file a subdivision application at Alberta Land Titles office, at MFC Power's expense, seeking a subdivision of the Mazeppa lands related to this Power Plant location.
- 1.15 – Tolling Agreement - concurrently with the execution of this Settlement Agreement, a Tolling Agreement was executed between the Receiver and certain Defendants named in the Action, tolling any and all time periods requiring the Parties to take a step pursuant to the Alberta Rules of Court, for a period of 12 months from the effective date of the Settlement Agreement. The Receiver was advised by counsel for Finance that Finance was unable to obtain signatures and could not bind certain parties to the Tolling Agreement, including Jixin Energy Inc., ELP, MFC Energy Holdings Austria GmbH, M Financial Corp., MFC Energy (Montana) Inc. and MFC Bancorp Ltd. Given that the Action deals primarily with

Notine Holdings Inc., the Receiver is satisfied that the necessary parties have executed the Tolling Agreement.

- 2.0/2.4 – Releases / Section 38 Assignments – the Settlement Agreement contains broad mutual releases appropriate for an agreement of this nature. The Settlement Agreement further provides, however, that neither the mutual releases nor anything else in the Settlement Agreement impact on the rights of any creditor of the Lexin Group to assert or take assignment of a claim pursuant to section 38 of the BIA.

17. The Receiver recommends that the Settlement Agreement be approved by the Court for the following reasons:

- a) All assets obtained by Finance in partial settlement of their \$37.6 million loan will be returned to the ownership of the Lexin Group estate for realization by the Receiver, including the 1059 lands, the 597 equipment, and the Seismic assets (plus the ELP equipment that is unrelated to the Finance Loan), with the exception of the below assets, which the Receiver views as having a high level of realization uncertainty. Collection of the below amounts would require that significant costs be incurred to pursue realization with associated litigation risk factors involved. The Receiver does not have the funds to pursue collection.
 - i. Cash payments to Finance in 2016 outlined in Fifth Report – \$2,385,000
 - ii. Unreconciled set-off amount from Fifth Report – \$400,012
 - iii. 11-15-018-29 W4M compressor monetized by 597 in 2016 - \$380,000 (based on a 597 email instructing an amount to be wired to 597's bank account)
 - iv. MFC Energy (Montana) Inc. share sale - \$1 (While \$790,000 was the value ascribed to these shares in the reduction to the Finance Loan in 2016, on March 30, 2017 these shares were sold by Finance for \$1 as outlined in the document appended as **Appendix 5** to this Ninth Report);

- b) The Receiver has finality in respect of Finance's \$37.6 million claim, as per the Reasons for Judgment, and the claim need not be considered in the receivership proceedings;
- c) All credit bids submitted by Finance in the Sales Process are withdrawn, thereby allowing the Receiver to conclude the Sales Process unfettered by any otherwise adverse actions by Finance or their affiliates;
- d) No further litigation costs are incurred by the Lexin Group estate in respect of the Finance Loan matter, or any other litigation Finance or its affiliates have commenced, and the costs of administration for the estate are reduced accordingly;
- e) The ELP-claimed equipment is returned to Lexin Group estate for inclusion in the Sales Process for the Waterton Sites (as defined).
- f) Section 38 rights are maintained for Lexin Group creditors wishing to assert a claim or take assignment of a claim that the Receiver is not in a position to assert by virtue of the terms of the Settlement Agreement;
- g) The Receiver obtains releases appropriate for a settlement arrangement of this nature; and
- h) There is no real prejudice to the stakeholders of the Lexin Group estate taking into consideration:
 - i. the limited amounts payable to Finance (the \$55,000 related to the release of the warehouseman's lien over the Seismic data) and ELP (20% of the gross proceeds of any realizations limited to the Waterton Sites);
 - ii. the nature of the assets being restored to the Lexin Group estate which will be available for realization by the Receiver for the benefit of stakeholders; and

- iii. stakeholders maintain the right to pursue any claims at their own cost provided they satisfy the requirements of section 38 of the BIA.

18. Taking into consideration the circumstances of this receivership proceeding and the various hurdles encountered in the Sales Process, the Receiver believes that the Settlement Agreement is fair and reasonable in the circumstances and in the best interests of the Lexin Group estate.

MFC Power Transaction

19. As outlined earlier, pursuant to the terms of the Settlement Agreement, although the Receiver is not permitted to challenge the December 2015 transaction between MFC Power and LR Processing, it is permitted to report on what it has learned with respect to this transaction. This section deals with this reporting.
20. In December 2015, LR Processing recorded the sale of its power plant assets to MFC Power through a series of accounting entries, the net result of which eliminated all of the Power Plant assets which had an aggregate balance of \$28 million prior to those entries. The balance of the disclosure below provides a chronological background to the Power Plant from its inception in 2014 to its sale in December 2015 and certain events thereafter.
21. On April 5, 2014, LR Processing committed to the construction of a 16.5 MW power plant located on the Mazeppa Gas Plant quarter section with the signing of an EPS AB Energy Canada Ltd. (“**EPS**”) contract. A copy of the contract, which is too voluminous for this report, was obtained by the Receiver from EPS.
22. EPS are a Guelph, ON based subsidiary of Gruppo AB, an international co-generation company based in Italy. Gruppo AB’s web-site at: <https://www.gruppoab.com/en/> reveals the following key facts and figures: over 1,250 plants designed and manufactured over 30 years; 1,000 plants managed; 850 employees; have a presence in 18 countries.
23. The design, construction, supply and installation contract with EPS called for €16.5 million (approximately C\$24 million) of payments by LR Processing in 6 installments.

24. A summary of the EPS invoices, including change orders, as obtained from EPS is attached as **Appendix 6**. The amounts outlined tie largely to those recorded in the LR Processing accounting system. The credit (financing) side of entry was to "Power Plant Loan–Austria" and "Euro Debt FX". A hedging contract appears to have been set-up as the LR Processing accounting system includes a hedging general ledger account.
25. As outlined in the Annex 6 excerpt of the EPS contract attached as **Appendix 7**, the €16.5 million contract included approximately €12 million in goods and the €4.5 million balance of the contract was for Canadian content services, including engineering, foundation/concrete pads, site works/ cranes, installation etc.
26. In addition to the EPS portion of the project costs, LR Processing incurred various other costs, most notably \$1.8 million to Fortis Alberta Inc. ("**Fortis**") related to distribution interconnection project costs in mid-late 2014.
27. MFC Power was registered as a limited partnership in BC on August 25, 2015 and in Alberta on October 23, 2015.
28. As outlined previously, in December 2015 LR Processing recorded the sale of its power plant assets to MFC Power through a series of accounting entries, the net result of which eliminated all of the Power Plant capital assets with an aggregate balance of \$28 million (inclusive of the Fortis costs above), all of the Power Plant Loan-Austria and related foreign exchange accounts and a resulting gain on sale of \$11.1 million and increase in the intercompany account between MFC Power and entities in the Lexin Group. These accounting entries are summarized on the table below:

Batch Journal Entry #:	702213	702215	702217	702298	702308	702406	Total
General Ledger Accounts:							
Cash				14			14
Accounts receivable						2,253,478	2,253,478
Intercompany	27,813,704	213,747	(21,990,943)	11,135,320	(949,951)	(1,674,748)	14,547,129
Capital assets	(27,813,704)	(213,747)					(28,027,451)
Power Plant Loan - Austria			16,713,482				16,713,482
Foreign exchange			6,820,772		949,951		7,770,722
Loan Premium			(1,543,311)				(1,543,311)
Accounts payable						(578,730)	(578,730)
Loss (gain) on sale				(11,135,334)			(11,135,334)
	-	-	-	-	-	-	-

29. While too voluminous to include all of these entries, one of the accounting entries included in the above investigation that is of particular note is batch entry 702298 recorded in December 2015, a copy of which is attached as **Appendix 8**.
30. This batch entry 702298 serves to, amongst other things, create a \$14.4 million intercompany receivable from 0989, a \$3.3 million reduction in the intercompany receivable from MFC Power and a gain on sale of \$11.1 million. Additionally, the same entry records \$14.4 million of cash inflows in two receipts of \$9.5 million and \$4.9 million and one \$14.4 million cash disbursement all from RBI account 0071 5431 1204. The Receiver has reviewed the RBI bank statement for account 0071 5431 1204 in December 2015 and all of 2016 and no such bank transactions exist.
31. The Receiver has also prepared an analysis of the \$14.4 million in recorded cash transactions relative to the \$37.6 million of recorded cash transactions in the 0989 RBI accounts in June 2015, as documented in the Receiver's Fifth Report, a copy of which is attached as **Appendix 9**. From a review of this schedule, it is apparent that the distribution of the \$14.4 million related the LR Processing transaction is exactly the same percentage-wise (to the second decimal place) as the distribution of the Finance loan proceeds from 0989.
32. In addition to the above asset sale transaction, in December 2015, LR Processing and MFC Power also entered into various agreements including a premises lease, gas sale and electricity purchase agreements, none of which the Receiver has affirmed or adopted. Robert Chenery executed the agreements for LR Processing and Samuel Morrow for MFC Power.
33. In 2016, various intercompany transactions were recorded between LR Processing and MFC Power, which reduced the intercompany balance owing by MFC Power to LR Processing to \$2.06 million, as disclosed within the Notice and Statement of Receiver issued to LR Processing's creditors in November 2017.
34. In July 2016, property insurance on the power plant assets was removed from the Lexin policy by Lexin.

35. In October 2016, approximately 10 months after the above December 2015 transaction, LR Processing was petitioned into bankruptcy by Young Energyserve Inc.
36. On September 7, 2017, approximately three months after the expansion of the Lexin Receivership Order to include LR Processing, 1133148 BC Ltd. (“**1133**”) was incorporated with Samuel Morrow and Pradeep Kumar listed as its directors.
37. On October 4, 2017, 1133 registered a security interest at the Personal Property Registry (Alberta) (the “**PPR**”) against MFC Power (and its general partner) listing specific equipment charges and a General Security Agreement. MFC Power has no other security registrations registered at the PPR.
38. The MFC Power plant assets are valued on Bancorp’s 2017 consolidated financial statements at \$26.4 million with an unknown quantum of liabilities related to these assets, although the Debt and Accounts Payable notes in these financial statements contains potentially useful information for this purpose. Excerpts from the notes to the 2017 Bancorp consolidated financial statements available on www.sedar.com are attached as **Appendix 10**.
39. The information in the paragraphs above were all obtained independently by the Receiver from sources other than Finance or MFC Power with the exception of the referenced premises lease, gas sales and electricity purchase agreements, which were obtained either from Finance or from Finance counsel. As the Receiver may not have access to all relevant records related to the above transactions, the above may not present all relevant information related to the MFC Power transaction.
40. Pursuant to the terms of the Settlement Agreement, Finance was required to provide the Receiver with the material transaction documents pertaining to the sale or transfer of the Power Plant. On October 25, 2018, the Receiver received these documents, which are attached to this report as **Appendix 11** for the Asset Purchase Agreement (“**APA**”) and as **Appendix 12** for the other material transaction documents.
41. The Receiver has attempted to reconcile the accounting information referenced earlier to the financial information contained in the APA and the figures do not reconcile. The Receiver

has not and does not intend to investigate this matter further pursuant to the terms of the Settlement Agreement.

42. The other material transaction documents in Appendix 12 include:

- a) Directors Resolutions;
- b) Consent re: loan between Lexin and 0989 (in names of predecessor entities);
- c) Management and Operating Services Agreement;
- d) Gas Purchase Agreement;
- e) Electricity Purchase Agreement;
- f) Lease Agreement;
- g) General Assignment and Assumption Agreement;
- h) Bill of Sale Absolute Property;
- i) Certificates of Officers and Directors;
- j) Receipts and Cross Receipts;
- k) Directors and Unanimous Resolutions;
- l) Shareholders Resolution; and
- m) Certificate of Title.

Recommendation

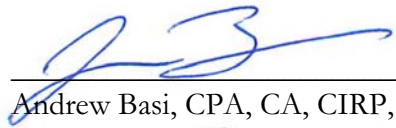
43. The Receiver respectfully recommends that the Court approve the Settlement Agreement and authorize the Receiver to take the necessary steps to fulfill its requirements.

DATED at Calgary Alberta, the 7th day of November 2018.

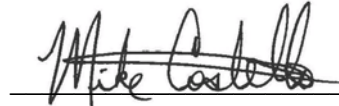
Grant Thornton Limited,

in its capacity as receiver of

Lexin Resources Ltd., 1051393 BC Ltd., 0989 Resource
Partnership, LR Processing Ltd. and LR Processing Partnership
and not in its personal capacity



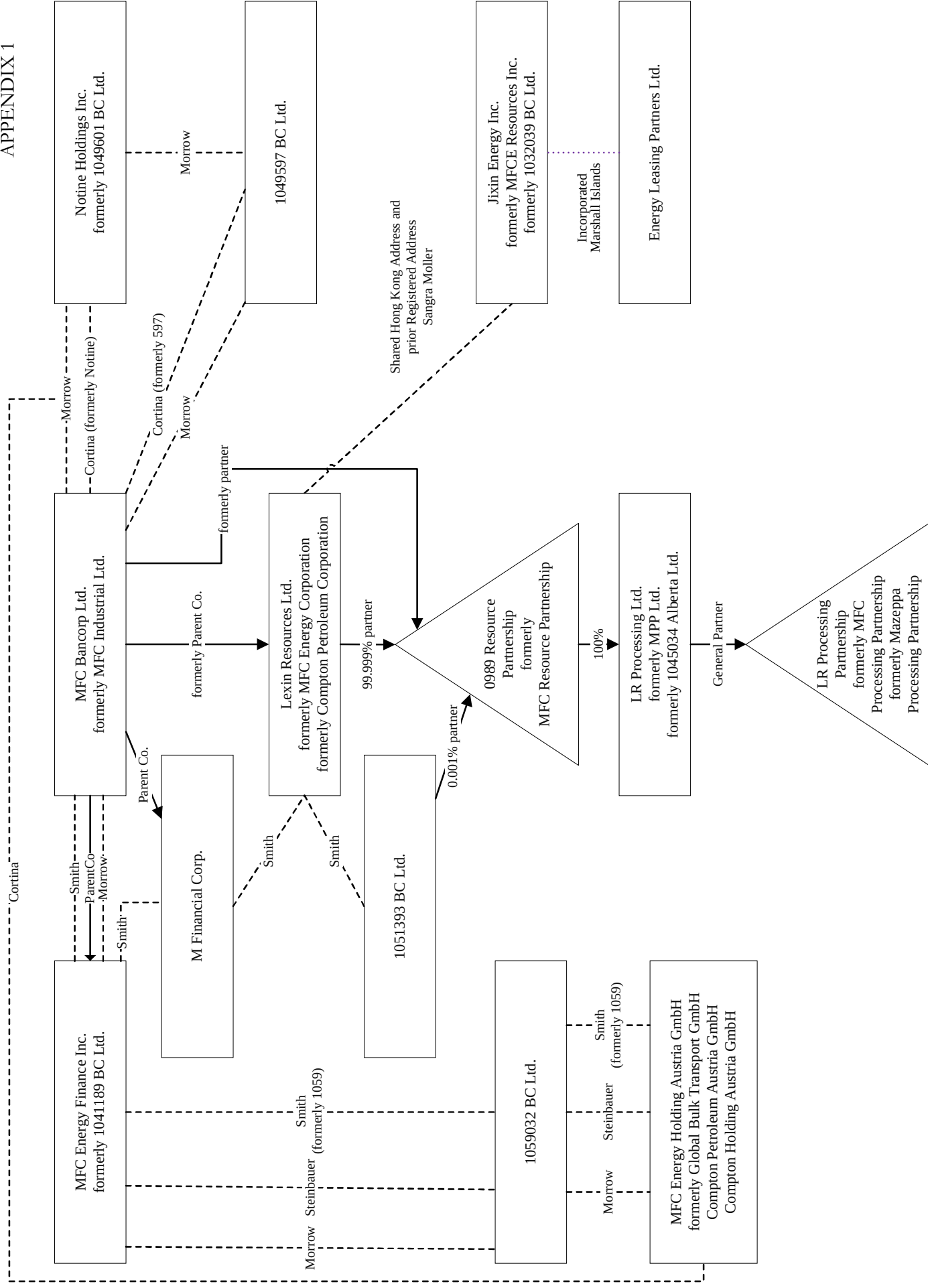
Andrew Basi, CPA, CA, CIRP, LIT
Senior Vice President



Michael Costello, CPA, CA, CBV
Senior Consultant

Appendix 1

Cortina



Appendix 2

	Current Name of Entity	Predecessor Name of Entity (prior to name change)	Defined Term hereafter
a	Lexin Resources Ltd.	MFC Energy Corporation	“Lexin”
b	0989 Resource Partnership	Compton Petroleum Corporation MFC Resource Partnership Compton Resource Partnership	“0989”
c	1051393 BC Ltd.	n/a	“105”
d	LR Processing Ltd.	MPP Ltd. 1045034 Alberta Ltd.	“LR Ltd.”
e	LR Processing Partnership	MFC Processing Partnership Mazeppa Processing Partnership	“LR Processing”
f	1049597 BC Ltd.	n/a	“597”
g	MFC Energy Finance Inc.	1041189 BC Ltd.	“Finance”
h	1059032 BC Ltd.	n/a	“1059”
i	Notine Holdings Inc.	1049601 BC Ltd.	“Notine”
j	MFC Energy Holding Austria GmbH	Global Bulk Transport GmbH Compton Petroleum Austria GmbH Compton Holding Austria GmbH	“MFC Austria”
k	Jixin Energy Inc.	MFCE Resources Ltd. 1032039 B.C. Ltd.	“Jixin”
l	MFC Bancorp Ltd.	MFC Industrial Ltd.	“Bancorp”
m	M Financial Corp.	Unknown	“M Financial”
n	Energy Leasing Partners Ltd.	Unknown	“ELP”
o	MFC Power Limited Partnership	n/a	“MFC Power”

Appendix 3

Settlement Agreement

Effective as of September 24, 2018 (the "**Effective Date**").

Between:

MFC Energy Finance Inc. ("**MFCEF**")

and

1049597 B.C. Ltd. ("**104**")

and

1059032 B.C. Ltd. ("**1059**")

and

Alberta Energy Regulator (the "**AER**")

and

MFC Power Limited Partnership by its general partner, MFC Power General Partner Ltd.
("**MFC Power**")

and

Energy Leasing Partners Ltd. ("**ELP**")

and

Grant Thornton Limited (the "**Receiver**"), in its capacity as Court appointed Receiver of
Lexin Resources Ltd., 0989 Resource Partnership, 1051393 B.C. Ltd., LR Processing
Partnership and LR Processing Ltd. and not in its personal capacity (the "**Lexin Parties**")

(collectively, the **Parties**)

BACKGROUND

- A.** Grant Thornton Limited has been appointed by the Court of Queen's Bench of Alberta as the receiver and manager (and in certain cases trustee in bankruptcy) of the Lexin Parties in Court of Queen's Bench of Alberta Action No. 1701-03460 (the "**Receivership Proceedings**") pursuant to receivership orders dated March 20, 2017 and June 13, 2017 (collectively, the "**Receivership Order**");
- B.** Pursuant to orders granted in the Receivership Proceedings, the Receiver is marketing the assets of the Lexin Parties for sale and continues to do so (the "**Sales Process**");

- C. 104 claims ownership of the equipment set forth in the bill of sale between 104 and 0989 Resource Partnership dated December 29, 2015, as amended, as set forth in **Schedule "A"** to this Agreement and currently situated on the properties of the Lexin Parties (the "**Sales Process Equipment**");
- D. 1059 claims ownership of certain fee simple, freehold lands set forth in the bill of sale between 1059 and 0989 Resource Partnership dated December 29, 2015, as set forth in **Schedule "B"** to this Agreement (the "**Fee Simple Freehold Lands**");
- E. ELP claims ownership of certain equipment currently situated on the properties of the Lexin Parties (the ("**ELP Equipment**"), as set forth at **Schedule "C"** to this Agreement, including but not limited to equipment located at 14-16-022-27W4M, which location is experiencing an environmental release for which the AER sent an order on January 22, 2018 (the "**ELP Site**");
- F. MFC Power asserts ownership over certain power plant assets located on the Mazeppa Lands (as defined below) and further entered into a lease agreement with LR Processing Partnership dated December 7, 2015 to lease certain lands on which the power plant assets are located;
- G. The Receiver has challenged the secured claim of MFCEF and the Court has issued a decision (the "**Decision**") re-characterizing such secured claim as equity, or alternatively has subordinated such secured claim pursuant to section 137 of the BIA;
- H. MFCEF has filed an Appeal of the Decision together with other related applications to stay the Sales Process pending the outcome of the appeal process;
- I. To settle all outstanding litigation as between the Parties and to ensure that the Sales Process is completed in a timely and efficient manner and with the goal of having a successful bidder(s), the Parties wish to enter into this Agreement to evidence the settlement of certain disputes relating to the Sales Process and their agreement regarding certain related or ancillary matters, all upon the terms and subject to the conditions hereinafter contained; and
- J. All references to the Parties shall include their predecessor names to the extent that any of the referenced agreements were executed in the name of those entities.

SCHEDULES

A – Sales Process Equipment

B – Fee Simple Freehold Lands

C – ELP Equipment

D – Sayer Marketing Excerpt of Waterton Sites

E – Proposed MFC Power Sub-Division Plans

F – Required MFC Power Easements

G – AER Declarations and Orders

For good and sufficient consideration, and the promises and obligations under this Settlement Agreement (the **Settlement Agreement**), the Parties agree as follows:

ARTICLE 1 SETTLEMENT TRANSACTIONS

1.1 *Approval Order.*

- (a) As soon as reasonably practicable, the Receiver shall file an application with the Court of Queen's Bench ("**Court**") in the Receivership Proceedings for an order, in a form agreed to by MFCEF, AER and the Receiver, seeking the advice and direction of the Court with respect to approval of this Settlement Agreement and if approved, directing and authorizing the Receiver to take all necessary steps contemplated in this Settlement Agreement to conclude its terms (the "**Approval Order**"). The Receiver shall use all commercially reasonable efforts to have such application heard by the Court as soon as reasonably practicable thereafter and each of the other parties hereto shall consent to the Approval Order.
- (b) The Approval Order represents a condition precedent to the implementation of this Settlement Agreement and the transactions contemplated in 1.4, 1.5, 1.6 and 1.14 of this Agreement.
- (c) The parties shall use all commercially reasonable efforts to cooperate with each other in connection with the application contemplated in Section 1.1(a) hereof and in obtaining the Approval Order, including that the parties shall, and shall instruct their representatives, including legal counsel:
 - (i) not to directly or indirectly take any actions to contest or solicit any third party to contest such application, or a related application in any such proceedings;
 - (ii) not to directly or indirectly solicit any third party to appeal or seek any amendment of the Approval Order;
 - (iii) not to directly or indirectly fund any third party to appeal or seek any amendment of the Approval Order, provided that, for the sake of clarity, the distribution of funds by the Receiver to the creditors of the Lexin Parties in the ordinary course in accordance with the priorities of such creditors shall not, in and of itself, be deemed to violate this Section 1.1(c)(iii);

- (iv) not to take any position in any proceedings before the Court or otherwise that would be contrary to the terms of the Approval Order or the transactions contemplated in this Agreement; and
- (v) provide prompt written notice if such party receives any written objection to this Agreement.

1.2 Sale Process. Subject to the Approval Order being granted, and all appeals thereof being dismissed, and the terms of this Agreement, the Parties will cooperate in good faith with each other and the Receiver shall use commercially reasonable efforts to complete the Sales Process as soon as practicable and complete and finalize the receivership and bankruptcy processes in the Receivership Proceedings.

1.3 MFCEF Bid. Within five business days of the expiry of the applicable appeal period of the Approval Order, or if the Approval Order is appealed, within 5 days of the Approval Order becoming final and binding and all appeal periods in respect thereof having expired (a "**Final and Binding Order**") MFCEF shall withdraw its bid for certain assets submitted in the Sales Process and MFCEF agrees that it will not, directly or indirectly, fund any other third party offers, including offers from any affiliate of MFCEF, under the Sales Process.

1.4 Equipment. MFCEF, 104 and ELP each severally (and not jointly) represent and warrant to the Receiver that it has not sold or otherwise granted any encumbrance on, or disposed of any interest in any of the Sales Process Equipment or the ELP Equipment, as applicable, that is currently situated on any of the Lexin Parties' properties including Sites or Abandoned Sites (as such terms are defined in the Receivership Order). Within two business days of the Approval Order becoming a Final and Binding Order:

- (a) 104 shall transfer all of its existing right, title and interest in and to the Sales Process Equipment to the Lexin Parties and agrees that the Sales Process Equipment may be utilized in the Sales Process without any dispute or opposition by MFCEF or 104 at any sale approval application involving the Sales Process Equipment, with respect to the issues outlined in paragraph 4 of the Order of Justice B.E. Romaine dated October 25, 2017 (the "**Equipment Order**") or otherwise; and
- (b) ELP shall transfer all of its existing right, title and interest in the ELP Equipment to the Lexin Parties and agrees that the ELP Equipment may be sold in the Sales Process for the benefit of the Lexin Parties' estate, without any dispute or opposition by ELP at any sale approval or distribution application involving the ELP Equipment, with respect to the issues outlined in paragraph 4 of the Equipment Order, or otherwise, as if such order pertained to the ELP Equipment.

1.5 Fee Simple Freehold Lands. MFCEF and 1059 each severally (and not jointly) represent and warrant to the Receiver that it has not sold or encumbered, and will

not sell or otherwise encumber or dispose of any interest in any of the Fee Simple Freehold Lands. Within two business days of the Approval Order becoming a Final and Binding Order, 1059 shall execute a registrable form of transfer in respect of all of the Fee Simple Freehold Lands to the Lexin Parties and agrees that the Fee Simple Freehold Lands may be sold in the Sales Process for the benefit of the Lexin Parties' estate, without any dispute or opposition by MFCEF or 1059 at any sale approval or distribution application involving the Fee Simple Freehold Lands, with respect to the issues outlined in paragraph 4 of the Equipment Order or otherwise, as if such order pertained to the Fee Simple Freehold Lands.

1.6 Seismic. MFCEF represents and warrants to the Receiver that it has not sold or encumbered and will not sell or otherwise encumber or dispose of any interest in any of the Seismic. Within two business days of the Approval Order becoming a Final and Binding Order, MFCEF shall execute a transfer in favour of the Lexin Parties of all of its existing interests in seismic (the "**Seismic**") that it acquired from 0989 Resource Partnership in a February 7, 2017 bill of sale and agrees that the Seismic may be sold in the Sales Process without any dispute or opposition by MFCEF at any sale approval or distribution application involving the Seismic, with respect to the issues outlined in paragraph 4 of the Equipment Order, or otherwise, as if such order pertained to the Seismic, provided, however, that, concurrently with the execution of such transfer, the Lexin Parties shall reimburse MFCEF for amounts totalling \$55,000 incurred by MFCEF in connection with the storage of the Seismic prior to the Receivership Proceedings.

1.7 Ongoing Litigation. Upon obtaining a Final and Binding Order, each Party shall cease pursuit of any active or ongoing litigation in connection with the receivership of the Lexin Parties, including the Decision and the Action, or otherwise in relation to the Lexin Parties or their current and former assets (together, the "**Claims**"), which shall be consented to on a without costs basis by the other Parties hereto. In addition, each Party agrees not to institute any further legal proceedings against the other Parties or their respective affiliates to the Settlement Agreement, other than in connection with the enforcement of its rights under this Settlement Agreement. This paragraph shall not preclude the rights of any third party to seek an assignment of any Claims pursuant to section 38 of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"). For clarity, each of the Parties agree that they shall not, directly or indirectly, solicit or fund the participation from any third party in a section 38 assignment proceeding relating to the Claims or other related proceeding, provided that the foregoing shall not:

- (a) preclude the Receiver from filing a Receiver's Report describing this Agreement, the Claims (based on information available to the Receiver), and the Receiver's intention not to pursue such Claims; or
- (b) preclude the Receiver from making distributions to creditors of the Lexin Parties in the ordinary course in accordance with the priorities of such creditors or as directed by the Court; and

neither the filing of a Receiver's Report as aforesaid or a distribution by the Receiver shall, in and of themselves, be deemed to violate this Section 1.7.

- 1.8 *Regulatory Proceedings and Enforcement.*** Notwithstanding Section 1.7, the AER will retain its statutory duty under its legislation to initiate regulatory and enforcement proceedings with respect to non-compliances that arise after the date hereof.
- 1.9 *Proceeds.*** Except as otherwise specifically provided herein, neither MFCEF, 104, 1059, ELP or any of their respective affiliates shall be entitled to any distribution from the Lexin Parties' estates in the Receivership Proceedings or the bankruptcy proceeding. All proceeds shall, unless otherwise specifically provided for herein, be distributed to creditors of the respective Lexin Parties' estates in accordance with their relative legal priority, as approved by the Court. Section 1.7 and this section 1.9 are without prejudice to the rights of the Parties (including MFCEF and its affiliates) to make submissions to the Court limited to entitlement to a distribution of the Cargill Funds in the amount of \$60,350 as described in the Fourth Report of the Receiver.
- 1.10 *ELP Equipment Proceeds.*** ELP shall be entitled to, and the Receiver shall cause to be paid to ELP, 20% of the gross sale proceeds realized by the Receiver from the sale of Waterton area Sites (inclusive of the underlying Petroleum and Natural Gas and other contractual rights) upon which ELP Equipment is located as outlined in the excerpt of the Sayer Energy Advisors Ltd. document attached hereto as **Schedule D**, inclusive of the Cowley gas processing plant located at 13-34-008-2W5 not specifically noted on this schedule (the "**Waterton Sites**"). The remaining 80% of the gross sale proceeds realized from Waterton Sites shall be distributed in accordance with the relative legal priorities of stakeholders as approved by the Court.
- 1.11 *Remaining ELP Equipment.*** ELP shall be at liberty to purchase the remaining ELP Equipment that is not located on any Waterton Sites for \$1.00 and in the event of such purchase, ELP shall be required to remove the ELP Equipment from the relevant sites under the supervision and with approval of the AER, subject to any priority claims of third parties.
- 1.12 *Environmental Issue.*** Within one month of the Approval Order becoming a Final and Binding Order, MFCEF will provide funding to the AER to bring the ELP Site into compliance with the AER Order dated January 22, 2018 under sections 113 and 241 of the *Environmental Protection and Enhancement Act*, up to the amount of \$15,000.
- 1.13 *Historical Transactions.*** The Receiver and the AER agree not to, directly or indirectly, further challenge any historical transactions between MFCEF, 104 and/or any of their respective affiliates and any of the Lexin Parties, including the "Reviewable Transactions" as such term was defined in the Receiver's application to the Court dated October 12, 2017, and for clarity, the Receiver agrees not to

continue or pursue the claims filed in Court of Queen's Bench Action No. 1701-14935 (the "**Action**") provided, however, that should the Receiver discover additional transactions not previously described in the Receiver's Reports or the statement of claim commencing the Action, including the 2015 sale transaction involving MFC Power referenced below and in the Recitals to this Settlement Agreement, the Receiver shall be at liberty to provide a description of such transaction in a future Receiver's Report as contemplated in Section 1.7 of this Settlement Agreement.

1.14 MFC Power. In accordance with section 1.13 of this Settlement Agreement, the Receiver agrees that it shall not challenge the 2015 sale transaction between the Lexin Parties (or any one of them) and MFC Power, provided that, within 5 calendar days of execution of this Settlement Agreement, MFCEF shall provide the material transaction documents pertaining to the sale or transfer of the Power Plant and the Receiver shall report to Court in respect of the transaction in advance of (or concurrently with) obtaining approval of this Settlement Agreement.

- (a) The Receiver hereby acknowledges that MFC Power, on behalf of the Lexin Parties that own the said lands, will be filing a subdivision application with the Alberta Land Titles Office to subdivide those lands as set forth in **Schedule "E"** hereto (the "**Mazeppa Lands**") and that any such subdivided lands upon which the Power Plant is located shall be transferred to MFC Power in consideration for the payment of \$1.00 by MFC Power to the Lexin Parties and any easements set forth at **Schedule "F"** hereto shall be granted to MFC Power for the purposes of connecting and operating electrical and gas lines.
- (b) To the extent the Receiver is not discharged over the Mazeppa Lands, it shall take all reasonable steps to cooperate with MFC Power as may be requested from time to time, including to execute documentation necessary for MFC Power to file its subdivision application.
- (c) MFCEF and MFC Power hereby agree and acknowledge that they shall be responsible for the payment of all costs associated with the subdivision application and such parties shall indemnify the Receiver in respect of all costs, claims and other payments arising or coming due to the Receiver in respect of the subdivision application.
- (d) The Parties agree and acknowledge that the subdivision of the Mazeppa Lands is not a condition precedent to this Settlement Agreement and if the subdivision application is not filed or not granted, all other provisions of this Settlement Agreement shall remain in full force and effect.

1.15 Tolling Agreement. Concurrently with the execution of this Settlement Agreement, a Tolling Agreement shall be executed as between the Receiver and the Defendants named in the Action, tolling any and all time periods requiring the Parties to take a step pursuant to the Alberta *Rules of Court*, for a period of 12 months

from the effective date of the Settlement Agreement. Upon the expiry of the 12 month period, or such earlier period as the Parties may collectively agree, in writing:

- (a) Provided that the Action is not assigned to a creditor of the Lexin Parties in the above noted 12 month period, the Receiver shall file a Discontinuance of Claim, discontinuing the Action against all of the named Defendants on a without costs basis;
- (b) MFCEF and its relevant subsidiaries or affiliates shall withdraw all pending applications they have filed in the Receivership Proceedings on a without costs basis and shall withdraw the Appeal of the Decision on a without costs basis.

ARTICLE 2 RELEASE

2.1 General Mutual Release

Upon the Approval Order becoming a Final and Binding Order, and subject only to the Parties reserving their right to make claims arising pursuant to the performance of this Settlement Agreement, the Parties on behalf of themselves, their respective heirs, administrators, executors, affiliates, successors and assigns, jointly and severally release the other Parties and their past and present officers, directors, shareholders, affiliates and employees, consultants, counsel, successors and assigns from all actions, claims, causes of action of any kind, at law or in equity, statutory or otherwise, for all known and unknown damages, losses, injuries or expenses related to any dealings, contract, tort, duties or relationship of any kind (the "**Released Claims**") provided, however, that:

- (a) this General Mutual Release shall not affect the rights of any third-party creditors of the Lexin Parties or release MFCEF or its past and present officers, directors, shareholders, affiliates, successors and assigns from any claims assigned pursuant to section 38 of the BIA or the ability of MFCEF and its past and present officers, directors, shareholders, affiliates, successors and assigns to take any actions to defend against such claims;
- (b) this General Release shall be limited to matters arising from the Lexin Parties' estate and shall not affect the existing AER declarations and orders listed at Schedule "G" of this Agreement or the AER from asserting any claims against MFCEF or its affiliates with respect to assets regulated by the AER under its legislation, which are owned by MFC or its affiliates (not including any assets transferred pursuant to this Agreement).

2.2 No Indirect Claims

The Parties shall not make any claim or take any proceedings against any other person or corporation that might claim contribution or indemnity against any other Party related to the Released Claims.

2.3 No Derivative Proceedings

The Parties shall not cause or attempt to cause any other person to commence any derivative proceedings against any other Party for any matter related to the Released Claims.

2.4 Section 38 Assignments

Nothing in this Agreement shall impact on the rights of any creditor of the Lexin Parties' estate to assert a claim or take assignment of a claim pursuant to section 38 of the BIA. Nothing in this Agreement shall in any way prohibit MFCEF, 104, 1059, ELP or their respective affiliates from taking any position, proceedings, steps or other actions in order to defend against any actions, proceedings commenced or taken by any third party, including on behalf of the Lexin Parties, that has assumed or commenced an action against any of them, including in connection with section 38 of the BIA.

2.5 No Admission of Liability

Nothing in this Agreement is an admission of liability by any Party.

ARTICLE 3 GENERAL PROVISIONS

3.1 Termination

In the event that the Approval Order is not granted by the Court on or before November 30, 2018, or if the Approval Order does not become a Final and Binding Order, then any party may terminate this Agreement upon providing the other parties two (2) days' prior written notice of such termination whereupon this Agreement shall terminate and have no further force or effect between the parties.

3.2 Dispute Resolution

The parties may apply to the Court of Queen's Bench of Alberta (Commercial List) on not less than 10 days' notice to the parties to this Agreement, in order to seek advice and direction from the Court in respect of the execution of the parties' duties hereunder or in the event there is a dispute arising under this Agreement, in order to seek resolution of such dispute.

3.3 *Contra Proferentem* Not Applicable

The Parties acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement, and the Parties agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party will not apply in the interpretation of this Agreement.

3.4 Entire Agreement

This Agreement is the entire agreement among the Parties relating to its subject matter and supersedes all prior and contemporaneous written or oral agreements, understandings, negotiations, and discussions. There are no general, specific, implied, or express warranties, representations, or other agreements among the Parties connected to the making of this Agreement or its subject matter.

3.5 Amendments and Waiver

Any amendment or waiver of any of the terms of this Agreement must be in writing and signed by the Parties or their authorized representatives.

3.6 Further Assurances

Upon the terms and subject to the conditions set forth in this Agreement, each of the Parties shall act in good faith and agree promptly to use its commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other Parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement, including, without limitation, to obtain the Court's prompt, complete and final granting of the Approval Order.

3.7 Governing Law

The law of Alberta governs this agreement and its interpretation. The Parties irrevocably attorn to the exclusive jurisdiction of the Alberta Courts for all matters connected to this Agreement.

3.8 Headings

The headings in this Agreement have been inserted for convenient reference only.

3.9 Agreement binds successors

This Agreement binds the Parties and their respective successors and assigns. They are entitled to its benefits, with the exception of any party that has assumed an action pursuant to section 38 of the BIA.

3.10 Counterparts and electronic transmission

This Agreement can be executed in several counterparts, each of which will be treated in the same way as an original, and all of the counterparts will together make a single agreement. This Agreement can be executed by facsimile or other electronic means.

The remainder of this page is intentionally left blank

Signature Page 1 of 1

MFC Energy Finance Inc.

Per: SSM
 Name: S. Morrow
 Title: President
 I am authorized to bind the corporation
 corporation

1049597 B.C. Ltd.

Per: SSM
 Name: S. Morrow
 Title: Director
 I am authorized to bind the

1059032 B.C. Ltd.

Per: SSM
 Name: S. Morrow
 Title: Director
 I am authorized to bind the corporation
 corporation

**MFC Power Limited Partnership
 by its general partner, MFC
 Power General Partnership Partner Ltd.**

Per: Pradeep Kumar
 Name: PRADEEP KUMAR
 Title: DIRECTOR
 I am authorized to bind the

Alberta Energy Regulator

Per: _____
 Name: _____
 Title: _____
 I am authorized to bind the Regulator
 corporation

Energy Leasing Partners Ltd.

Per: _____
 Name: _____
 Title: _____
 I am authorized to bind the

**Grant Thornton Limited in its
 capacity as Court Appointed
 Receiver of the Lexin Parties and
 not in its personal capacity**

Per: _____
 Title: _____

Signature Page 1 of 1

MFC Energy Finance Inc.

Per: _____
 Name: _____
 Title: _____
 I am authorized to bind the corporation
 corporation

1049597 B.C. Ltd.

Per: _____
 Name: _____
 Title: _____
 I am authorized to bind the

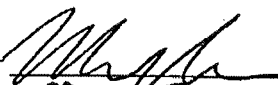
1059032 B.C. Ltd.

Per: _____
 Name: _____
 Title: _____
 I am authorized to bind the corporation
 corporation

**MFC Power Limited Partnership
by its general partner, MFC
Power General Partner Ltd.**

Per: _____
 Name: _____
 Title: _____
 I am authorized to bind the

Alberta Energy Regulator

Per: 
 Name: Mark Taylor
 Title: EVP, Operations
 I am authorized to bind the Regulator
 corporation

Energy Leasing Partners Ltd.

Per: _____
 Name: _____
 Title: _____
 I am authorized to bind the

**Grant Thornton Limited in its
capacity as Court Appointed
Receiver of the Lexin Parties and
not in its personal capacity**

Per: _____
 Title: _____

Signature Page 1 of 1

MFC Energy Finance Inc.

1049597 B.C. Ltd.

Per: _____
 Name: _____
 Title: _____
 I am authorized to bind the corporation

Per: _____
 Name: _____
 Title: _____
 I am authorized to bind the corporation

1059032 B.C. Ltd.

**MFC Power Limited Partnership
 by its general partner, MFC Power
 General Partner Ltd.**

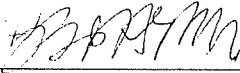
Per: _____
 Name: _____
 Title: _____
 I am authorized to bind the corporation

Per: _____
 Name: _____
 Title: _____
 I am authorized to bind the corporation

Alberta Energy Regulator

Energy Leasing Partners Ltd.

Per: _____
 Name: _____
 Title: _____
 I am authorized to bind the Regulator

Per:  _____
 Name: Yi Fan Ma
 Title: Secretary
 I am authorized to bind the corporation

**Grant Thornton Limited in its
 capacity as Court Appointed
 Receiver of the Lexin Parties and
 not in its personal capacity**

Per: _____
 Title: _____

Signature Page 1 of 1

MFC Energy Finance Inc.**1049597 B.C. Ltd.**

Per: _____

Name:

Title:

I am authorized to bind the corporation

Per: _____

Name:

Title:

I am authorized to bind the corporation

1059032 B.C. Ltd.**MFC Power Limited Partnership
by its general partner, MFC Power
General Partner Ltd.**

Per: _____

Name:

Title:

I am authorized to bind the corporation

Per: _____

Name:

Title:

I am authorized to bind the corporation

Alberta Energy Regulator**Energy Leasing Partners Ltd.**

Per: _____

Name:

Title:

I am authorized to bind the Regulator

Per: _____

Name:

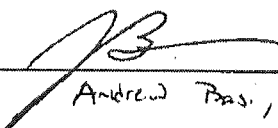
Title:

I am authorized to bind the corporation

**Grant Thornton Limited in its
capacity as Court Appointed
Receiver of the Lexin Parties and
not in its personal capacity**

Per: _____

Title:


Andrew Pasi, Senior Vice-President

Schedule A
Sales Process Equipment

BILL OF SALE

THIS BILL OF SALE is made the 29th day of December, 2015.

BETWEEN:

1049597 B.C. LTD., a company organized under the laws of
the Province of British Columbia

(the "Purchaser")

AND:

MFC RESOURCE PARTNERSHIP, a general partnership
existing under the laws of the Province of British Columbia

(the "Vendor")

WHEREAS:

- A. The Vendor is the owner of the assets listed in Schedule "A" hereof (the "Purchased Assets"); and
- B. The Vendor wishes to sell, convey and transfer the Purchased Assets and all rights, title, interest, and property thereto, to the Purchaser, and the Purchaser wishes to purchase and accept the conveyance and transfer of the Purchased Assets, on the terms and subject to the conditions set out herein.

NOW THEREFORE THIS BILL OF SALE WITNESSES that in consideration of and for the sum of fourteen million and ninety three thousand dollars of lawful money of Canada (\$14,093,000) (the "Purchase Price") and other good and valuable consideration paid by the Purchaser to the Vendor at or before the execution and delivery of this Bill of Sale, the receipt whereof the Vendor hereby acknowledges, the Vendor hereby sells, assigns, transfers, and sets over the Purchased Assets and all the right, title, interest, property, claim, and demand of the Vendor thereto and therein, unto the Purchaser, to and for its sole and only use forever. The Vendor and the Purchaser acknowledge, declare, covenant and agree as follows:

- 1. The Vendor has good and marketable title to the Purchased Assets and such assets are free and clear of all liens, mortgages, security interests, encumbrances and restrictions of any kind whatsoever.
- 2. The Vendor will indemnify and save harmless the Vendor from any and all charges and encumbrances.
- 3. Each of the parties shall and may from time to time, and at all times hereafter, upon every reasonable request of the other party, but at the expense of such other party, make do and execute, or cause or procure to be made, done and executed, all such further acts, deeds

-2-

and assurances for the more effectual assignment and assurance of the Purchased Assets unto the Purchaser, in the manner aforesaid, and according to the true intent and meaning of this Bill of Sale, as will be reasonably required by each of the parties.

4. At the option of the Vendor, the Purchaser agrees that it will make a joint election with the Vendor pursuant to Subsection 85(2) of the *Income Tax Act* (Canada), in the prescribed form and within the time stipulated by Subsection 85(6) of the *Income Tax Act*, in respect of the Purchased Assets which qualify. The Parties agree that any penalties arising from a late election referred to in this section shall be paid by the Vendor. The Purchaser further agrees that the Vendor is authorized to determine the elected amount for the Purchased Assets which are subject to the election referred to in this Section 5 subject to the limitations contained in Subsection 85(2) of the *Income Tax Act*.
5. At the option of the Purchaser, the Vendor and the Purchaser shall jointly execute in the prescribed form an election under Section 156 of the *Excise Tax Act* (Canada) that no tax be payable pursuant to the *Excise Tax Act* with respect to the purchase and sale of all personal property included in the Purchased Assets hereunder.
6. In the event that the Minister of National Revenue, the Minister of Finance for the Province of Alberta, their authorized representatives, or any similar authority at any time hereafter proposes to issue or issues any assessment or assessments that impose or would impose any liability for any tax on the Vendor or the Purchaser or on any other Person on the basis that the fair market value of the Purchased Assets as of the date hereof is greater or less than the Purchase Price set out in this Bill of Sale, then the amount of the Purchase Price will be reviewed and the fair market value of the Purchased Assets will be deemed to be an amount determined as follows:
 - (a) if the authority in making or proposing such an assessment or assessments also makes a determination of the fair market value of the Purchased Assets as of the date hereof and both the Vendor and the Purchaser, either before or after objection or appeal or by agreement with such authority, accept the determination, then the fair market value so determined will be deemed to be the fair market value of such Purchased Assets for the purposes of the Purchase Price set out in this Bill of Sale; and
 - (b) in any other case, the parties will appoint a firm of chartered accountants in the Province of Alberta to make or obtain a second determination of the fair market value of the Purchased Assets, and the fair market value for purposes of the Purchase Price will be the amount agreed upon by both the Vendor and the Purchaser after first receiving and considering such second determination or, if they cannot agree, the matter of such value will be referred to a single arbitrator appointed under the *Arbitration Act* (Alberta) whose determination of such matters will be final.
7. If the Purchase Price set out in this Bill of Sale is reviewed and the fair market value of the Purchased Assets is deemed to be an amount determined pursuant to Section 7 hereof,

-2-

then the Purchase Price hereunder will be adjusted accordingly and retroactively, *nunc pro tunc*, to the date of this Bill of Sale.

8. The Purchaser and the Vendor agree to attribute the amount of any increase or decrease in the estimate of the Purchase Price pursuant to Sections 6 and 7 hereof to the Purchased Assets, as agreed between the Parties, which attribution shall be confirmed by resolution of the directors of the Purchaser; or if the attribution is not confirmed by resolution of the directors of the Purchaser within 180 days of the final determination of the adjustment pursuant to Sections 6 and 7 hereof, then by payment in cash of the amount of the increase or decrease in the Purchase Price by the appropriate party.
9. The Purchaser hereby represents and warrants to the Vendor and acknowledges and agrees that it had the opportunity to seek and was not prevented nor discouraged by the Vendor from seeking independent legal advice prior to the execution and delivery of this Bill of Sale and that, in the event that it did not avail itself of that opportunity prior to signing this Bill of Sale, it did so voluntarily without any undue pressure and agrees that its failure to obtain independent legal advice shall not be used by it as defence to the enforcement of its obligations under this Bill of Sale.
10. This Bill of Sale shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.
11. This Bill of Sale may be executed in several counterparts and evidenced by a facsimile copy of an original execution page bearing the signature of each party hereto, each of which when so executed shall be deemed to be an original, and such counterparts or facsimile copies thereof together shall comprise one and the same instrument and, notwithstanding their date of execution, shall be deemed to bear the date as of the date above written.

All grants, covenants, provisos, agreements, rights, powers, privileges, and liabilities contained in this Bill of Sale will be read and held as made by and with, granted to and imposed upon the parties hereto, and their respective heirs, executors, administrators, successors and assigns; and wherever the singular or the masculine is used, it will be construed as meaning the plural or the feminine or the body politic or corporate where the context or the parties hereto so require; and where a party is more than one person, all covenants of that party will be deemed to be joint and several.

{Signature page to follow }

-2-

IN WITNESS WHEREOF the parties hereto have executed this Bill of Sale with effect as of the day and year first above written.

1049597 B.C. LTD

Per: 
Authorized Signatory

MFC RESOURCE PARTNERSHIP, by its
authorized signatories for and on behalf of its
Management Committee

Per:
Name: Michael Smith
Title: Member of the Management Committee

Per:
Name: Rob Jennings
Title: Member of the Management Committee

-2-

IN WITNESS WHEREOF the parties hereto have executed this Bill of Sale with effect as of
the day and year first above written.

1049597 B.C. LTD

Per: _____
Authorized Signatory

MFC RESOURCE PARTNERSHIP, by its
authorized signatories for and on behalf of its
Management Committee

Per: _____
Name: Michael Smith
Title: Member of the Management Committee

Per: _____
Name: Rob Jennings
Title: Member of the Management Committee

{00153112.6}

Schedule A

Purchased Assets

MFCRP - Drivers and Compressors

Surface Location	Budget Area	Manufacturer	Model	Serial #	HP	Compressor Manufacturer	Compressor Model Name	Compressor Serial #	Status	Market Value
100/06-29-022-28W4M	CENTRON	Caterpillar	G3304	N4F01369	95	Ge Energy Oil & Gas	H302	H607	Inactive	45,000
100/10-23-023-28W4M	CROSSFIELD	Waukesha	F285SG3	234157	405	Atlas	JGE/2	F-15216	Active	131,000
100/07-33-023-28W4M	CROSSFIELD	Westinghouse		K60473550002	50	Knorr Western Inc	IS	065031	Inactive	16,000
100/07-33-023-28W4M	CROSSFIELD	Siemens		0067019CE2	20	Blackmer		128216	Inactive	6,500
100/07-33-023-28W4M	CROSSFIELD	Westinghouse		UF0590090014	75	Turbill	3207-6473	NWB12RU	Inactive	24,000
100/04-35-022-27W4M	DALEMEAD	Waukesha	H24GL	C14839/1	91	Ge Energy Oil & Gas	A354	A225	Active	300,000
100/04-35-022-27W4M	DALEMEAD	Caterpillar	3304	37Y04287	95	Kobelco	16LV	160LD54L	Inactive	35,000
100/14-16-022-27W4M	DALEMEAD	Caterpillar	3304	N4F01365		Ge Energy Oil & Gas	H302	H596	Inactive	35,000
100/05-08-020-27W4M	GLADYS	Caterpillar		64602350	400	Sullair		005-01008627	Active	140,000
100/06-14-030-28W4M	GLADYS	Cummins	GT4855P3	25314088		Kobelco	KS 32 U4B	AB11469	Inactive	35,000
100/06-15-020-27W4M	GLADYS	Caterpillar	3304	N4F01843	71	Atlas	JGA/2	F-19109	Active	40,000
100/06-15-020-27W4M	GLADYS	White Superior	8G-825	282759	800	White Superior	MW-64	282750	Active	130,000
100/06-15-020-27W4M	GLADYS	Waukesha	H24GL LCR	C15630/1	530	Sullair Corp	POR25X-316-203	6-0501-4019	Active	172,000
100/10-15-021-27W4M	GLADYS	Caterpillar	3516	N/A		Atlas	JGR/4	F-21285	Active	375,000
100/13-17-020-26W4M	GLADYS	Waukesha	F18GL LCR	C15654/1		Sullair	POR25X-30-151	006-05002776	Active	140,000
100/14-03-021-27W4M	GLADYS	Caterpillar	3406	4FD01906	325	Gemini		32F1092	Active	66,000
100/06-33-020-28W4M	GLADYS	Caterpillar		N4F01364		Gemini		024508-1-9	Inactive	35,000
100/06-04-016-27W4M	HIGH RIVER	Waukesha	F-18GL	C-61810/1	431	Atlas	JG/2	14293	Active	140,000
100/02-04-017-29W4M	HIGH RIVER	Waukesha	L7042GSIU	229078	1478	Atlas	JGK/4	F-16949	Active	380,000
100/02-20-017-29W4M	HIGH RIVER	Waukesha	7042GL	C-13409/1	1454	Gemini	E604	E115	Inactive	380,000
100/03-05-017-27W4M	HIGH RIVER	Caterpillar	G340BTAW	64807227		Frick		TDSH2335X003258K2	Inactive	240,000
100/03-05-017-27W4M	HIGH RIVER	Waukesha	F3521GSI	C-11360/1	738	Gemini	D602	D114	Inactive	140,000
100/03-05-017-27W4M	HIGH RIVER	Caterpillar	3306	G6X01693	145	Gemini	H302	H613	Active	47,000
100/04-09-017-29W4M	HIGH RIVER	Caterpillar	3304	37Y04273	95	Frick	XJF151	XJF151N0398N2	Inactive	35,000
100/10-32-017-29W4M	HIGH RIVER	Cummins	G8-3C	46530885	99	Sullair Corporation	PHD12L-50-176	00603004865	Inactive	35,000
100/11-35-018-29W4M	HIGH RIVER	Waukesha	L7042GSI	C-14016/1	1478	Gemini	E604	E240	Active	380,000
100/11-31-016-28W4M	HIGH RIVER	Caterpillar	3304	37Y04331	95	Hydrowave	025C007-108	025009930809	Active	578,000
100/11-31-016-28W4M	HIGH RIVER	Caterpillar	G360G	42500397	1780	Atlas	JGC/4	F-17565	Active	40,000
100/11-31-016-28W4M	HIGH RIVER	Epact-Hpe		MP34CO230001	5	Kobelco	16LV	160LD56L	Active	1,000
100/14-30-016-28W4M	HIGH RIVER	Waukesha	F18GL LCR	C-15956/1	400	Sullair Corporation	POR25S36-120	200601280068	Inactive	140,000
100/13-25-019-29W4M	HIGH RIVER	Cummins	8C CNG	318001299		Sullair Corporation	GL50.176	200612080055	Active	35,000
100/13-25-019-29W4M	HIGH RIVER					Altech	W062857	266	Active	
100/15-13-017-29W4M	HIGH RIVER	Caterpillar	3304	37Y04285	95	Kobelco	16LV	160LD53L	Inactive	35,000
100/02-34-018-29W4M	HIGH RIVER	Bulbor	air comp	AG698695	5	Eagle	PT03A	101714	Active	1,000
100/16-08-018-29W4M	HIGH RIVER	Ford		PF50615		Compresso	FORD 460	PF50615	Inactive	13,000
100/03-12-016-21W4M	LONG COULEE	Caterpillar		D7Y0D086		Atlas	JGP/2	F-6587	Inactive	47,000
100/06-08-016-21W4M	LONG COULEE	Teco		JV109756006		Bidel		065454-312	Inactive	27,500
100/16-04-016-23W4M	LONG COULEE	Caterpillar		WPT00115	1,150	Atlas	JGE/4	F-21866	Inactive	375,000
100/16-04-016-23W4M	LONG COULEE	Caterpillar		7W101101	810	Frick	TDSH355	TDSH23353989E2	Inactive	290,000
100/08-17-016-21W4M	LONG COULEE	Compresso		P-50648		Compresso		PS0648	Inactive	13,000
100/04-01-017-29W4M	LONG COULEE	Cummins	2353	25311661		Atlas	JGA/2	F25967	Inactive	105,000
Mazzeppa Bone Yard	OKOTOKS	Waukesha	H24GL LCR	C-10068/1	523	Gardner Denver	SSYG6 C	S272311	Inactive	300,000
Mazzeppa Bone Yard	OKOTOKS	Cummins	GTA-5.9	45758181	116			203090	Inactive	300,000
100/01-02-018-22W4M (Team)	QUEENSTOWN	Waukesha	L5108GSI	C-11254/1	1,072	Atlas	JGE/4	F-9429	Inactive	348,000

MFCRP - Drivers and Compressors

Surface Location	Budget Area	Manufacturer	Model	Serial #	HP	Compressor Manufacturer	Compressor Model Name	Compressor Serial #	Status	Market Value
100/01-02-018-23W4M (Train)	QUEENSTOWN Teco			LP C48072-1	100	Mycom	PGW8	632865	Inactive	5,000
100/01-02-018-23W4M (Train)	QUEENSTOWN Teco			LP0488510001	100	Mycom	GP6WB	633190	Active	5,000
100/01-02-018-23W4M (Train)	QUEENSTOWN Waukesha		7042	219909	1,480	Ariel	JGK/A	F-21377	Active	380,000
100/12-30-017-21W4M	QUEENSTOWN Caterpillar		3408	6N802326		Sullair Corp	POR25X-36-120	006-0100682D	Inactive	140,000
100/16-16-018-24W4M	SHOULDICE Caterpillar		3512	7H02027		Gemini	D311	D311	Active	290,000
100/12-09-019-22W4M	SHOULDICE Caterpillar		3406	H4F01592	99	Gemini	H302	H612	Inactive	45,000
100/09-29-015-25W4M	VULCAN Waukesha		3304	C-34329/1	1,375	Ariel		F-10391	Inactive	390,000
100/09-29-015-25W4M	VULCAN Caterpillar		3306	H4F01598		Gemini		H482	Active	35,000
100/16-04-015-25W4M	VULCAN Caterpillar		7043 GL	07107274		Frick		TOSH283L1694H2	Active	47,000
100/15-11-030-23W4M	GHOST PINE Waukesha		7043 GL	C-17279/1	1,478	Ariel		f-23694	Active	380,000
100/15-11-030-23W4M	GHOST PINE Waukesha		7043 GL	C-15752/1	1,478	Fricks		07-1262	Inactive	380,000
100/15-11-030-23W4M	GHOST PINE Cal		3512	WPP00109	860	Howden		K6A/WRV321193/33	Inactive	290,000
100/15-11-030-23W4M	GHOST PINE Cal		3512	WPP00108	860	Howden		K6A/WRV321193/33	Inactive	290,000

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MFCBII - Plants

Surface Location	Budget Area	Equipment	HP	Type	Company	Driver	Model	Driver/Other Serial	Compressor	Model	Compressor Serial	Status	Market Value Nov 4, 2015
01-07-01B-28W4	Quartermen	Refridge	10mm2/d	600 HSI	Propak	Propak	N/A	SH / 031510	N/A	N/A	N/A	Inactive	500,000
02-35-019-28W4	Quartermen	Refridge 1	N/A	Refridge	Propak	N/A	N/A	N/A	N/A	N/A	N/A	Inactive	850,000
02-35-019-28W4	Quartermen	Refridge 2	N/A	Refridge	Propak	N/A	N/A	N/A	N/A	N/A	N/A	Inactive	850,000
02-35-019-28W4	Quartermen	Recycle comp	450	Recup	Propak	WEG	HGF5B11	MT450566P	N/A	N/A	F-19345	Inactive	270,000
02-35-019-28W4	Quartermen	Latet Comp A	2000	Recup	Propak	Siemens EL	Electric	E16799-01-1	Dieser-Rand	HOS	7HCS50	Inactive	950,000
02-35-019-28W4	Quartermen	Inlet Comp B	2000	Recup	Propak	Siemens EL	Electric	E16799-01-2	Dieser-Rand	HOS	7HCS51	Inactive	950,000
02-35-019-28W4	Quartermen	MCC	N/A	MCC	Propak	N/A	N/A	N/A	N/A	N/A	N/A	Inactive	30,000
02-35-019-28W4	Quartermen	Flare X/O	N/A	FTO	Rushion	N/A	N/A	N/A	N/A	N/A	N/A	Inactive	25,000
02-35-019-28W4	Quartermen	Iron Air	N/A	Int Air	Esle Pump and Comp	Electric	N/A	N/A	Esle	HA100-3	HA9C2 and HA9B7	Inactive	25,000

MFCRP - Pumps									
Site Name	Budget Area	Pump Manufacturer	Pump Model	Pump Serial Number	Current Driver	Status	Connected / Disconnected	Market Value	
100/07-33-023-28W4M	CROSSFIELD	NATIONAL	J-100	969781-100-LCS	Driver #3, Electric	Active			
100/10-21-023-W4M	CROSSFIELD	WESTINGHOUSE		GTP4085305006	Electric	Active			
100/10-21-023-W4M	CROSSFIELD	WESTINGHOUSE		HTP4088306008	Electric	Active			
100/06-15-020-27W4M	GLADYS	WHEATLY	26580		ELEC	ACTIVE	connected		
100/06-15-020-27W4M	GLADYS	WHEATLY	26580		ELEC	ACTIVE	connected		

MFCAP - Pressure Vessels											
She Name	Budget Line	Vessel Type	Common Name	Serial	Regulation	CM	MAWP	Manufacturer	Safety Valve Tag ID #	Status	Market Value
100006-2-02-2-2W44	CH0000	Cooler	Cooler	06000-1-7				Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	1st Stage Cooler	06000-1		14554-215		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	2nd Stage Cooler	06000-2		11181-215		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	3rd Stage Cooler	06000-3		11181-215		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	4th Stage Cooler	06000-4		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	5th Stage Cooler	06000-5		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	6th Stage Cooler	06000-6		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	7th Stage Cooler	06000-7		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	8th Stage Cooler	06000-8		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	9th Stage Cooler	06000-9		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	10th Stage Cooler	06000-10		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	11th Stage Cooler	06000-11		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	12th Stage Cooler	06000-12		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	13th Stage Cooler	06000-13		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	14th Stage Cooler	06000-14		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	15th Stage Cooler	06000-15		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	16th Stage Cooler	06000-16		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	17th Stage Cooler	06000-17		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	18th Stage Cooler	06000-18		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	19th Stage Cooler	06000-19		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	20th Stage Cooler	06000-20		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	21st Stage Cooler	06000-21		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	22nd Stage Cooler	06000-22		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	23rd Stage Cooler	06000-23		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	24th Stage Cooler	06000-24		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	25th Stage Cooler	06000-25		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	26th Stage Cooler	06000-26		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	27th Stage Cooler	06000-27		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	28th Stage Cooler	06000-28		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	29th Stage Cooler	06000-29		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	30th Stage Cooler	06000-30		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	31st Stage Cooler	06000-31		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	32nd Stage Cooler	06000-32		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	33rd Stage Cooler	06000-33		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	34th Stage Cooler	06000-34		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	35th Stage Cooler	06000-35		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	36th Stage Cooler	06000-36		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	37th Stage Cooler	06000-37		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	38th Stage Cooler	06000-38		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	39th Stage Cooler	06000-39		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	40th Stage Cooler	06000-40		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	41st Stage Cooler	06000-41		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	42nd Stage Cooler	06000-42		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	43rd Stage Cooler	06000-43		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	44th Stage Cooler	06000-44		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	45th Stage Cooler	06000-45		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	46th Stage Cooler	06000-46		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	47th Stage Cooler	06000-47		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	48th Stage Cooler	06000-48		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	49th Stage Cooler	06000-49		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	50th Stage Cooler	06000-50		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	51st Stage Cooler	06000-51		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	52nd Stage Cooler	06000-52		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	53rd Stage Cooler	06000-53		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	54th Stage Cooler	06000-54		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	55th Stage Cooler	06000-55		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	56th Stage Cooler	06000-56		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	57th Stage Cooler	06000-57		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	58th Stage Cooler	06000-58		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	59th Stage Cooler	06000-59		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	60th Stage Cooler	06000-60		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	61st Stage Cooler	06000-61		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	62nd Stage Cooler	06000-62		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	63rd Stage Cooler	06000-63		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	64th Stage Cooler	06000-64		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	65th Stage Cooler	06000-65		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	66th Stage Cooler	06000-66		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	67th Stage Cooler	06000-67		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	68th Stage Cooler	06000-68		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	69th Stage Cooler	06000-69		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	70th Stage Cooler	06000-70		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	71st Stage Cooler	06000-71		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	72nd Stage Cooler	06000-72		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	73rd Stage Cooler	06000-73		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	74th Stage Cooler	06000-74		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	75th Stage Cooler	06000-75		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	76th Stage Cooler	06000-76		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	77th Stage Cooler	06000-77		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	78th Stage Cooler	06000-78		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	79th Stage Cooler	06000-79		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	80th Stage Cooler	06000-80		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	81st Stage Cooler	06000-81		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	82nd Stage Cooler	06000-82		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	83rd Stage Cooler	06000-83		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	84th Stage Cooler	06000-84		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	85th Stage Cooler	06000-85		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	86th Stage Cooler	06000-86		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	87th Stage Cooler	06000-87		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	88th Stage Cooler	06000-88		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	89th Stage Cooler	06000-89		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	90th Stage Cooler	06000-90		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	91st Stage Cooler	06000-91		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	92nd Stage Cooler	06000-92		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	93rd Stage Cooler	06000-93		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	94th Stage Cooler	06000-94		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	95th Stage Cooler	06000-95		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	96th Stage Cooler	06000-96		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	97th Stage Cooler	06000-97		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	98th Stage Cooler	06000-98		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	99th Stage Cooler	06000-99		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	100th Stage Cooler	06000-100		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	101st Stage Cooler	06000-101		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	102nd Stage Cooler	06000-102		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	103rd Stage Cooler	06000-103		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	104th Stage Cooler	06000-104		14650-2		Am-T-Chem	CP0180	Inactive	
100006-2-02-2-2W44	CH0000	Cooler	105th Stage Cooler	06000-105		14650-2		Am-T-Chem	CP0180		

APPENDIX 12

[illegible]

[illegible]

APPENDIX 12

File Name	Budget Area	Vessel Type	Common Name	Serial #	Regulatory ID	CEN	MSRP	Manufacturer	Safety Valve Tag #	Status	Market Value
1001010-15-011-27W404	GLADTS	Cooler	Non-Code Cooler	050114178	A20171212	81958.213	3,574.0	Dan Burt	OC2313	Active	
1001010-15-011-27W404	GLADTS	Electric Heat	Compressing Filter	01497-01					OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	1st Stage Scrubber	V1000-05-0015	A20371441	19112.2	6,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	2nd Stage Scrubber	V1000-05-0017	A20371443	21112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	3rd Stage Scrubber	V1000-05-0019	A20371445	23112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	4th Stage Scrubber	V1000-05-0021	A20371447	25112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	5th Stage Scrubber	V1000-05-0023	A20371449	27112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	6th Stage Scrubber	V1000-05-0025	A20371451	29112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	7th Stage Scrubber	V1000-05-0027	A20371453	31112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	8th Stage Scrubber	V1000-05-0029	A20371455	33112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	9th Stage Scrubber	V1000-05-0031	A20371457	35112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	10th Stage Scrubber	V1000-05-0033	A20371459	37112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	11th Stage Scrubber	V1000-05-0035	A20371461	39112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	12th Stage Scrubber	V1000-05-0037	A20371463	41112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	13th Stage Scrubber	V1000-05-0039	A20371465	43112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	14th Stage Scrubber	V1000-05-0041	A20371467	45112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	15th Stage Scrubber	V1000-05-0043	A20371469	47112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	16th Stage Scrubber	V1000-05-0045	A20371471	49112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	17th Stage Scrubber	V1000-05-0047	A20371473	51112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	18th Stage Scrubber	V1000-05-0049	A20371475	53112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	19th Stage Scrubber	V1000-05-0051	A20371477	55112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	20th Stage Scrubber	V1000-05-0053	A20371479	57112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	21st Stage Scrubber	V1000-05-0055	A20371481	59112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	22nd Stage Scrubber	V1000-05-0057	A20371483	61112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	23rd Stage Scrubber	V1000-05-0059	A20371485	63112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	24th Stage Scrubber	V1000-05-0061	A20371487	65112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	25th Stage Scrubber	V1000-05-0063	A20371489	67112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	26th Stage Scrubber	V1000-05-0065	A20371491	69112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	27th Stage Scrubber	V1000-05-0067	A20371493	71112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	28th Stage Scrubber	V1000-05-0069	A20371495	73112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	29th Stage Scrubber	V1000-05-0071	A20371497	75112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	30th Stage Scrubber	V1000-05-0073	A20371499	77112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	31st Stage Scrubber	V1000-05-0075	A20371501	79112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	32nd Stage Scrubber	V1000-05-0077	A20371503	81112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	33rd Stage Scrubber	V1000-05-0079	A20371505	83112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	34th Stage Scrubber	V1000-05-0081	A20371507	85112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	35th Stage Scrubber	V1000-05-0083	A20371509	87112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	36th Stage Scrubber	V1000-05-0085	A20371511	89112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	37th Stage Scrubber	V1000-05-0087	A20371513	91112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	38th Stage Scrubber	V1000-05-0089	A20371515	93112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	39th Stage Scrubber	V1000-05-0091	A20371517	95112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	40th Stage Scrubber	V1000-05-0093	A20371519	97112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	41st Stage Scrubber	V1000-05-0095	A20371521	99112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	42nd Stage Scrubber	V1000-05-0097	A20371523	101112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	43rd Stage Scrubber	V1000-05-0099	A20371525	103112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	44th Stage Scrubber	V1000-05-0101	A20371527	105112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	45th Stage Scrubber	V1000-05-0103	A20371529	107112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	46th Stage Scrubber	V1000-05-0105	A20371531	109112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	47th Stage Scrubber	V1000-05-0107	A20371533	111112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	48th Stage Scrubber	V1000-05-0109	A20371535	113112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	49th Stage Scrubber	V1000-05-0111	A20371537	115112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	50th Stage Scrubber	V1000-05-0113	A20371539	117112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	51st Stage Scrubber	V1000-05-0115	A20371541	119112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	52nd Stage Scrubber	V1000-05-0117	A20371543	121112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	53rd Stage Scrubber	V1000-05-0119	A20371545	123112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	54th Stage Scrubber	V1000-05-0121	A20371547	125112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	55th Stage Scrubber	V1000-05-0123	A20371549	127112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	56th Stage Scrubber	V1000-05-0125	A20371551	129112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	57th Stage Scrubber	V1000-05-0127	A20371553	131112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	58th Stage Scrubber	V1000-05-0129	A20371555	133112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	59th Stage Scrubber	V1000-05-0131	A20371557	135112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	60th Stage Scrubber	V1000-05-0133	A20371559	137112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	61st Stage Scrubber	V1000-05-0135	A20371561	139112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	62nd Stage Scrubber	V1000-05-0137	A20371563	141112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	63rd Stage Scrubber	V1000-05-0139	A20371565	143112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	64th Stage Scrubber	V1000-05-0141	A20371567	145112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	65th Stage Scrubber	V1000-05-0143	A20371569	147112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	66th Stage Scrubber	V1000-05-0145	A20371571	149112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	67th Stage Scrubber	V1000-05-0147	A20371573	151112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	68th Stage Scrubber	V1000-05-0149	A20371575	153112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	69th Stage Scrubber	V1000-05-0151	A20371577	155112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	70th Stage Scrubber	V1000-05-0153	A20371579	157112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	71st Stage Scrubber	V1000-05-0155	A20371581	159112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	72nd Stage Scrubber	V1000-05-0157	A20371583	161112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	73rd Stage Scrubber	V1000-05-0159	A20371585	163112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	74th Stage Scrubber	V1000-05-0161	A20371587	165112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	75th Stage Scrubber	V1000-05-0163	A20371589	167112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	76th Stage Scrubber	V1000-05-0165	A20371591	169112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	77th Stage Scrubber	V1000-05-0167	A20371593	171112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	78th Stage Scrubber	V1000-05-0169	A20371595	173112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	79th Stage Scrubber	V1000-05-0171	A20371597	175112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	80th Stage Scrubber	V1000-05-0173	A20371599	177112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	81st Stage Scrubber	V1000-05-0175	A20371601	179112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	82nd Stage Scrubber	V1000-05-0177	A20371603	181112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	83rd Stage Scrubber	V1000-05-0179	A20371605	183112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	84th Stage Scrubber	V1000-05-0181	A20371607	185112.2	1,651.0	Calsonic Energy Services Ltd	OC2313	Active	
1001010-15-011-27W404	GLADTS	Scrubber	85th Stage Scrubber	V1000-05-0183	A20371609	187112.2					

(357) RYED - (Cultural Co Settlements) 1961-1962

MFC/FP - Pressure Vessels											
Site Name	Design Area	Vessel Type	Common Name	Serials	Regulatory ID	CIN	MA/MP	Manufacturer	Safety Valve Tag ID's	Status	Market Value
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	1st Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC401	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	2nd Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC402	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	3rd Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC403	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	4th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC404	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	5th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC405	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	6th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC406	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	7th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC407	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	8th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC408	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	9th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC409	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	10th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC410	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	11th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC411	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	12th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC412	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	13th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC413	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	14th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC414	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	15th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC415	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	16th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC416	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	17th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC417	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	18th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC418	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	19th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC419	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	20th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC420	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	21st Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC421	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	22nd Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC422	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	23rd Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC423	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	24th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC424	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	25th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC425	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	26th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC426	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	27th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC427	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	28th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC428	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	29th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC429	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	30th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC430	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	31st Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC431	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	32nd Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC432	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	33rd Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC433	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	34th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC434	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	35th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC435	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	36th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC436	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	37th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC437	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	38th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC438	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	39th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC439	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	40th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC440	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	41st Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC441	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	42nd Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC442	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	43rd Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC443	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	44th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC444	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	45th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC445	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	46th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC446	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	47th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC447	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	48th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC448	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	49th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC449	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	50th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC450	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	51st Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC451	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	52nd Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC452	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	53rd Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC453	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	54th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC454	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	55th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC455	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	56th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC456	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	57th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC457	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	58th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC458	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	59th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC459	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	60th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC460	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	61st Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC461	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	62nd Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC462	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	63rd Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC463	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	64th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC464	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	65th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC465	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	66th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC466	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	67th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC467	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	68th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC468	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	69th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC469	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	70th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC470	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	71st Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC471	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	72nd Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC472	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	73rd Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC473	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	74th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC474	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	75th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC475	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	76th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC476	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	77th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC477	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	78th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC478	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	79th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC479	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	80th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC480	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	81st Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC481	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	82nd Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC482	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	83rd Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC483	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	84th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC484	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	85th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC485	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	86th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC486	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	87th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC487	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	88th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC488	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	89th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC489	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	90th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC490	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	91st Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC491	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	92nd Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC492	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	93rd Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC493	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	94th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC494	Active	
HIGH RIVER	100001-04-017-27W44	Pressure Vessel	95th Stage Section Scrubber	01-76-01	A044356	P45322	4516.0	VALUCLASH	CPC495	Active	
HIGH RIVER	100001-04-017										

MFCRP - Pressure Vessels											
Site Name	Regist Area	Vessel Type	Common name	Serial	Registration ID	CU	MAWP	Manufacturer	Safety Valve Tag ID #	Status	Market Value
102/11/15-015-27W404	HIGH RIVER	Separator	1st Stage Separator	06-005-0002	AD548554	70411-213	15.0 L.D.	Flare Refinement Systems	CP0302	Inactive	
102/11/15-015-27W404	HIGH RIVER	Separator	2nd Stage Separator	01-00795	AD547114	70414-213	15.0 L.D.	Flare Refinement Systems	CP0303	Inactive	
102/11/15-015-27W404	HIGH RIVER	Accumulator	1st Stage Discharge Bottle	98792	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0304	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	2nd Stage Discharge Bottle	98793	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0305	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	3rd Stage Discharge Bottle	98794	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0306	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	4th Stage Discharge Bottle	98795	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0307	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	5th Stage Discharge Bottle	98796	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0308	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	6th Stage Discharge Bottle	98797	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0309	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	7th Stage Discharge Bottle	98798	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0310	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	8th Stage Discharge Bottle	98799	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0311	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	9th Stage Discharge Bottle	98800	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0312	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	10th Stage Discharge Bottle	98801	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0313	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	11th Stage Discharge Bottle	98802	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0314	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	12th Stage Discharge Bottle	98803	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0315	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	13th Stage Discharge Bottle	98804	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0316	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	14th Stage Discharge Bottle	98805	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0317	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	15th Stage Discharge Bottle	98806	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0318	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	16th Stage Discharge Bottle	98807	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0319	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	17th Stage Discharge Bottle	98808	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0320	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	18th Stage Discharge Bottle	98809	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0321	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	19th Stage Discharge Bottle	98810	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0322	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	20th Stage Discharge Bottle	98811	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0323	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	21st Stage Discharge Bottle	98812	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0324	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	22nd Stage Discharge Bottle	98813	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0325	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	23rd Stage Discharge Bottle	98814	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0326	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	24th Stage Discharge Bottle	98815	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0327	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	25th Stage Discharge Bottle	98816	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0328	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	26th Stage Discharge Bottle	98817	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0329	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	27th Stage Discharge Bottle	98818	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0330	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	28th Stage Discharge Bottle	98819	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0331	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	29th Stage Discharge Bottle	98820	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0332	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	30th Stage Discharge Bottle	98821	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0333	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	31st Stage Discharge Bottle	98822	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0334	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	32nd Stage Discharge Bottle	98823	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0335	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	33rd Stage Discharge Bottle	98824	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0336	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	34th Stage Discharge Bottle	98825	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0337	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	35th Stage Discharge Bottle	98826	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0338	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	36th Stage Discharge Bottle	98827	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0339	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	37th Stage Discharge Bottle	98828	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0340	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	38th Stage Discharge Bottle	98829	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0341	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	39th Stage Discharge Bottle	98830	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0342	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	40th Stage Discharge Bottle	98831	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0343	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	41st Stage Discharge Bottle	98832	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0344	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	42nd Stage Discharge Bottle	98833	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0345	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	43rd Stage Discharge Bottle	98834	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0346	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	44th Stage Discharge Bottle	98835	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0347	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	45th Stage Discharge Bottle	98836	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0348	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	46th Stage Discharge Bottle	98837	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0349	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	47th Stage Discharge Bottle	98838	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0350	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	48th Stage Discharge Bottle	98839	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0351	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	49th Stage Discharge Bottle	98840	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0352	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	50th Stage Discharge Bottle	98841	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0353	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	51st Stage Discharge Bottle	98842	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0354	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	52nd Stage Discharge Bottle	98843	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0355	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	53rd Stage Discharge Bottle	98844	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0356	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	54th Stage Discharge Bottle	98845	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0357	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	55th Stage Discharge Bottle	98846	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0358	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	56th Stage Discharge Bottle	98847	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0359	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	57th Stage Discharge Bottle	98848	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0360	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	58th Stage Discharge Bottle	98849	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0361	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	59th Stage Discharge Bottle	98850	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0362	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	60th Stage Discharge Bottle	98851	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0363	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	61st Stage Discharge Bottle	98852	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0364	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	62nd Stage Discharge Bottle	98853	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0365	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	63rd Stage Discharge Bottle	98854	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0366	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	64th Stage Discharge Bottle	98855	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0367	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	65th Stage Discharge Bottle	98856	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0368	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	66th Stage Discharge Bottle	98857	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0369	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	67th Stage Discharge Bottle	98858	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0370	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	68th Stage Discharge Bottle	98859	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0371	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	69th Stage Discharge Bottle	98860	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0372	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	70th Stage Discharge Bottle	98861	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0373	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	71st Stage Discharge Bottle	98862	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0374	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	72nd Stage Discharge Bottle	98863	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0375	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	73rd Stage Discharge Bottle	98864	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0376	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	74th Stage Discharge Bottle	98865	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0377	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	75th Stage Discharge Bottle	98866	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0378	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	76th Stage Discharge Bottle	98867	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0379	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	77th Stage Discharge Bottle	98868	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0380	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	78th Stage Discharge Bottle	98869	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0381	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	79th Stage Discharge Bottle	98870	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0382	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	80th Stage Discharge Bottle	98871	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0383	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	81st Stage Discharge Bottle	98872	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0384	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	82nd Stage Discharge Bottle	98873	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0385	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	83rd Stage Discharge Bottle	98874	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0386	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	84th Stage Discharge Bottle	98875	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0387	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	85th Stage Discharge Bottle	98876	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0388	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	86th Stage Discharge Bottle	98877	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0389	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	87th Stage Discharge Bottle	98878	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0390	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	88th Stage Discharge Bottle	98879	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0391	Active	
102/11/15-015-27W404	HIGH RIVER	Accumulator	89th Stage Discharge Bottle	98880	AD547114	70414-213	9.915 L.D.	Flare Refinement Systems	CP0392	Active	

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MCGRP - Pressure Vessels	Site Name	Design Area	Vessel Type	Connection Name	Serial #	Regulation #	CM	MAINT	Manufacturer	Serial Value Tag ID #	Status	Market Value
100001-02-01B-27W44	TOURGE CRUE	TOURGE CRUE	TOURGE CRUE	1ST STAGE SEPARATOR (EQUIP)	20394	AS1031	13742-21	1490.0	PARAL ON AIR GAS	OC3181	Active	
100001-02-01B-27W44	TOURGE CRUE	TOURGE CRUE	TOURGE CRUE	2ND STAGE SEPARATOR (EQUIP)	1135	AS1031	TD 14-713	2509.1	PARACANON COMITE	OC3181	Active	
100001-02-01B-27W44	TOURGE CRUE	TOURGE CRUE	TOURGE CRUE	3RD STAGE SEPARATOR (EQUIP)	20-205-191	AS1031	TD 14-713	4009.1	PARACANON COMITE	OC3181	Active	
100001-02-01B-27W44	TOURGE CRUE	TOURGE CRUE	TOURGE CRUE	4TH STAGE SEPARATOR (EQUIP)	10679	AS1031	TD 14-713	6009.1	PARACANON COMITE	OC3181	Active	
100001-02-01B-27W44	TOURGE CRUE	TOURGE CRUE	TOURGE CRUE	5TH STAGE SEPARATOR (EQUIP)	94-064	AS1031	TD 14-713	8009.1	PARACANON COMITE	OC3181	Active	
100001-02-01B-27W44	TOURGE CRUE	TOURGE CRUE	TOURGE CRUE	6TH STAGE SEPARATOR (EQUIP)	94-064	AS1031	TD 14-713	9009.1	PARACANON COMITE	OC3181	Active	
100001-02-01B-27W44	TOURGE CRUE	TOURGE CRUE	TOURGE CRUE	7TH STAGE SEPARATOR (EQUIP)	94-064	AS1031	TD 14-713	10009.1	PARACANON COMITE	OC3181	Active	
100001-02-01B-27W44	TOURGE CRUE	TOURGE CRUE	TOURGE CRUE	8TH STAGE SEPARATOR (EQUIP)	94-064	AS1031	TD 14-713	11009.1	PARACANON COMITE	OC3181	Active	
100001-02-01B-27W44	TOURGE CRUE	TOURGE CRUE	TOURGE CRUE	9TH STAGE SEPARATOR (EQUIP)	94-064	AS1031	TD 14-713	12009.1	PARACANON COMITE	OC3181	Active	
100001-02-01B-27W44	TOURGE CRUE	TOURGE CRUE	TOURGE CRUE	10TH STAGE SEPARATOR (EQUIP)	94-064	AS1031	TD 14-713	13009.1	PARACANON COMITE	OC3181	Active	
100001-02-01B-27W44	TOURGE CRUE	TOURGE CRUE	TOURGE CRUE	11TH STAGE SEPARATOR (EQUIP)	94-064	AS1031	TD 14-713	14009.1	PARACANON COMITE	OC3181	Active	
100001-02-01B-27W44	TOURGE CRUE	TOURGE CRUE	TOURGE CRUE	12TH STAGE SEPARATOR (EQUIP)	94-064	AS1031	TD 14-713	15009.1	PARACANON COMITE	OC3181	Active	
100001-02-01B-27W44	TOURGE CRUE	TOURGE CRUE	TOURGE CRUE	13TH STAGE SEPARATOR (EQUIP)	94-064	AS1031	TD 14-713	16009.1	PARACANON COMITE	OC3181	Active	
100001-02-01B-27W44	TOURGE CRUE	TOURGE CRUE	TOURGE CRUE	14TH STAGE SEPARATOR (EQUIP)	94-064	AS1031	TD 14-713	17009.1	PARACANON COMITE	OC3181	Active	
100001-02-01B-27W44	TOURGE CRUE	TOURGE CRUE	TOURGE CRUE	15TH STAGE SEPARATOR (EQUIP)	94-064	AS1031	TD 14-713	18009.1	PARACANON COMITE	OC3181	Active	
100001-02-01B-27W44	TOURGE CRUE	TOURGE CRUE	TOURGE CRUE	16TH STAGE SEPARATOR (EQUIP)	94-064	AS1031	TD 14-713	19009.1	PARACANON COMITE	OC3181	Active	
100001-02-01B-27W44	TOURGE CRUE	TOURGE CRUE	TOURGE CRUE	17TH STAGE SEPARATOR (EQUIP)	94-064	AS1031	TD 14-713	20009.1	PARACANON COMITE	OC3181	Active	
100001-02-01B-27W44	TOURGE CRUE	TOURGE CRUE	TOURGE CRUE	18TH STAGE SEPARATOR (EQUIP)	94-064	AS1031	TD 14-713	21009.1	PARACANON COMITE	OC3181	Active	
100001-02-01B-27W44	TOURGE CRUE	TOURGE CRUE	TOURGE CRUE	19TH STAGE SEPARATOR (EQUIP)	94-064	AS1031	TD 14-713	22009.1	PARACANON COMITE	OC3181	Active	
100001-02-01B-27W44	TOURGE CRUE	TOURGE CRUE	TOURGE CRUE	20TH STAGE SEPARATOR (EQUIP)	94-064	AS1031	TD 14-713	23009.1	PARACANON COMITE	OC3181	Active	
100001-02-01B-27W44	TOURGE CRUE	TOURGE CRUE	TOURGE CRUE	21TH STAGE SEPARATOR (EQUIP)	94-064	AS1031	TD 14-713	24009.1	PARACANON COMITE	OC3181	Active	
100001-02-01B-27W44	TOURGE CRUE	TOURGE CRUE	TOURGE CRUE	22TH STAGE SEPARATOR (EQUIP)	94-064	AS1031	TD 14-713	25009.1	PARACANON COMITE	OC3181	Active	
100001-02-01B-27W44	TOURGE CRUE	TOURGE CRUE	TOURGE CRUE	23TH STAGE SEPARATOR (EQUIP)	94-064	AS1031	TD 14-713	26009.1	PARACANON COMITE	OC3181	Active	
100001-02-01B-27W44	TOURGE CRUE	TOURGE CRUE	TOURGE CRUE	24TH STAGE SEPARATOR (EQUIP)	94-064	AS1031	TD 14-713	27009.1	PARACANON COMITE			

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MTCRP - Pressure Vessels										
Part Name	Budget Area	Vessel Type	Component Name	Serial #	Regulatory ID	CN	MANP	Manufacturer	Safety Valve Tag #	Status
10009-29-015-25W44	VULCAN	Cooler	2nd Stage Cooler	0356 4		R1651 213	9928 0	Hempfl	CPC4018	Active
10009-29-015-25W44	VULCAN	Cooler	1st Stage Cooler	200380728		R1650 213	4 447 0	Simco	CPC4003	Active
10009-29-015-25W44	VULCAN	Cooler	1st Stage Cooler	0393 3		R1649 213	9 978 0	Hempfl	CPC4015	Active
10009-29-015-25W44	VULCAN	Exchanger	2nd Stage Cooler	200380735		T3595 231	9 978 0	Simco	CPC4004	Active
10009-29-015-25W44	VULCAN	Exchanger	2nd Stage Cooler	50006		T3595 231	517 1	Simco	CPC4015	Active
10009-29-015-25W44	VULCAN	Reboiler	Reboiler	2000-6457-04		A04-07044		Atm Oil and Gas	CPC1023 CPC4003	Inactive
10009-29-015-25W44	VULCAN	Scrubber	1st Stage Inlet Scrubber	03-01-102		A04-91191	9 067 0	Don Buck	CPC4028	Inactive
10009-29-015-25W44	VULCAN	Scrubber	1st Stage Inlet Scrubber	03-01-101		A04-92190	9 067 0	Don Buck	CPC4016	Inactive
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	2027 572		045917 2135	1 965 0	Lo Tech	CPC2481	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	1014 1052		045422 21345	1 963 0	Lo Tech	CPC4002	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	1026 2843		045154 21345	1 963 0	Lo Tech	CPC4012	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	69113		M7470 2	9 923 0	Plant Oil and Gas	CPC4020	Inactive
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	1167		M7469 2	1 540 0	Simco	CPC4003	Active
10009-29-015-25W44	VULCAN	Scrubber	1st Stage Scrubber	C2510110-2		T6570 2135	4 471 0	Hemp Technologies	CPC4003	Active
10009-29-015-25W44	VULCAN	Scrubber	2nd Stage Scrubber	C2510110-1		T3547 2135	4 471 0	Hemp	CPC4003	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	0487		M1265 231	1 963 0	Northwest Pipe	CPC4008	Active
10009-29-015-25W44	VULCAN	Separator	Separator	PEB157		P5433 213	4 964 0	Perfabco	CPC4765	Active
10009-29-015-25W44	VULCAN	Separator	Vertical Separator	PEB593		A04-66603	9 978 0	Perfabco	CPC2500	Active
10009-29-015-25W44	VULCAN	Separator	Inlet Separator	PEB550		A04-11554	9 978 0	Perfabco	CPC4010	Active
10009-29-015-25W44	VULCAN	Separator	Separator	PE9780		A04-62451	9 978 0	Perfabco	CPC2489	Active
10009-29-015-25W44	VULCAN	Tower	Column/Condenser	2000-6459-01		A04-62564	9 978 0	Atm Oil and Gas	CPC2485	Active
10009-29-015-25W44	VULCAN	Drum	Drum	187904		A0578623	1 963 0	Northwest Pipe	CPC4019	Inactive
10009-29-015-25W44	VULCAN	Drum	Drum	3F-140197		045418 213	2 413 0	Steel Fab	CPC4763	Inactive
10009-29-015-25W44	VULCAN	Drum	Drum	6F-140197		045418 213	2 413 0	Steel Fab	CPC4763	Inactive
10009-29-015-25W44	VULCAN	Drum	Drum	0048112		L3198 2	2 758 0	Arx-Champ	CPC4763	Inactive
10009-29-015-25W44	VULCAN	Drum	Drum	5143-0F		L3198 2	2 758 0	Energy Resources	CPC0912	Active
10009-29-015-25W44	VULCAN	Drum	Drum	5143 51		A04-64779	1 967 1	Energy Resources	CPC0912	Active
10009-29-015-25W44	VULCAN	Drum	Drum	5143 51		A04-64779	1 967 1	Energy Resources	CPC0912	Active
10009-29-015-25W44	VULCAN	Drum	Drum	59-536-507		US534 2	2 100 0	Budel	CPC4773	Active
10009-29-015-25W44	VULCAN	Drum	Drum	14964		LE111 213	1 390 0	Steel Fab	CPC4045	Active
10009-29-015-25W44	VULCAN	Drum	Drum	391497		A05-62801	1 390 0	Steel Fab	CPC4045	Active
10009-29-015-25W44	VULCAN	Drum	Drum	1815007		A05-65791	1 378 0	Northwest Pipe	CPC4045	Active
10009-29-015-25W44	VULCAN	Drum	Drum	V-5658-002		A05-55675	1 378 0	Northwest Pipe	CPC4045	Active
10009-29-015-25W44	VULCAN	Drum	Drum	21762 12		R5848 213	2 758 0	Mariposa	CPC4651	Active
10009-29-015-25W44	VULCAN	Reboiler	Reboiler	2006-7637-039		R5848 213	2 758 0	Atm Oil and Gas	CPC4651	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	2005-1542-010		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	30354		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 275 0	Atm Oil and Gas	CPC467	Active
10009-29-015-25W44	VULCAN	Scrubber	Full Gas Scrubber	06-530-504		R2284 213	3 2			

MFCRP - Tanks							Model Name	Manufacturer	Common Name	Capacity	Serial #	Status	Market Value
100/06-29-022-28W4M	CENTRON							NORWESCO	METHANOL TANK	1.50	2100-08506	Inactive	
100/06-29-023-28W4M	CENTRON							Platinum Grover	Produced Water Tank	15.90	2100-135	Inactive	
100/10-21-023-28W4M	CROSSFIELD							ZEEST	CHEMICAL TANK	357.72	N/A	Active	
100/10-21-023-28W4M	CROSSFIELD							WESTEEL	CHEMICAL TANK	357.72	67000850	Inactive	
100/10-21-023-28W4M	CROSSFIELD							WESTEEL	CHEMICAL TANK	357.72	67000850	Inactive	
100/10-21-023-28W4M	CROSSFIELD							NORWESCO	CHEMICAL TANK	357.72	220709386	Inactive	
100/10-21-023-28W4M	CROSSFIELD							WESTEEL	CHEMICAL TANK	317.97	6W41898	Inactive	
100/10-21-023-28W4M	CROSSFIELD							PLANT PROCESSORS LTD	CHEMICAL TANK	10,016.20	258-2	Inactive	
100/10-21-023-28W4M	CROSSFIELD							WESTEEL	CHEMICAL TANK	715.44	67003111	Inactive	
100/10-21-023-28W4M	CROSSFIELD							WESTEEL	CHEMICAL TANK	357.72	N/A	Inactive	
100/10-21-023-28W4M	CROSSFIELD							WESTEEL	CHEMICAL TANK	357.72	N/A	Inactive	
100/10-21-023-28W4M	CROSSFIELD							WESTEEL	CHEMICAL TANK	715.44	CB81528	Inactive	
100/10-21-023-28W4M	CROSSFIELD							WESTEEL	CHEMICAL TANK	715.44	AB75375	Active	
100/10-21-023-28W4M	CROSSFIELD							WESTEEL	CHEMICAL TANK	715.44	N/A	Inactive	
100/10-21-023-28W4M	CROSSFIELD							NORWESCO	Methanol Tank	500g	220607716	Inactive	
100/10-21-023-28W4M	CROSSFIELD							Nusco	Produced Water Tank	63.39	27210	Active	
100/07-33-023-28W4M	CROSSFIELD								METHANOL TANK	2350L		Active	
100/07-33-023-28W4M	CROSSFIELD								METHANOL TANK	2350L		Active	
100/07-33-023-28W4M	CROSSFIELD								produce oil tk	7500L		Active	
100/07-33-023-28W4M	CROSSFIELD								produce oil tk	7500L		Active	
100/07-33-023-28W4M	CROSSFIELD								produce h2o tk	7500L		Active	
100/04-15-023-27W4M	DALEHEAD							R. POBEN	Flare Knockout Tank	500L	K638	Active	
100/04-15-023-27W4M	DALEHEAD							ZEEST	METHANOL TANK	2250L	N/A	Active	
100/04-15-023-27W4M	DALEHEAD							ZCL	Pop Tank	500L	1 05080005GO	Active	
100/04-33-023-27W4M	DALEHEAD							Westeel	Inhibitor Tank	2.20	16083	Active	
100/04-33-023-27W4M	DALEHEAD							Westeel	Inhibitor/Methanol Tank	2.20		Active	
100/04-33-023-27W4M	DALEHEAD							Westeel	Paraffin Solvent Tank	2.20		Active	
100/04-33-023-27W4M	DALEHEAD							IMO COMPRESSION LTD	PRODUCED WATER				
100/04-33-023-27W4M	DALEHEAD							WESTEEL	METHANOL TANK	2.53	A-4048	Inactive	
100/04-33-023-27W4M	DALEHEAD							WESTEEL	METHANOL TANK	715.44	67008119	Inactive	
100/05-08-020-27W4M	GLADYS							IMO Manufacturing	05-08 AST - Produced Water Tank	15.90	40-8-C	Active	
100/05-08-020-27W4M	GLADYS							ZCL	GLYCOL TANK	2.25	15381	Active	
100/06-14-020-26W4M	GLADYS							Gordon Duen	Methanol Tank	2,230,000.19	GL000001856	Inactive	
100/06-14-020-26W4M	GLADYS							ZCL Everlast	Prod Water (weighted underground)	16		Inactive	
100/06-15-020-27W4M	GLADYS							n/a	06-15 UST - Sour Emulsion Tank	0.00	n/a	Active	
100/06-15-020-27W4M	GLADYS							Nusco	06-21 AST - Heat Transfer Oil Tank	15.90	3004G-908	Active	
100/06-15-020-27W4M	GLADYS							Universal Industries Corp.	1000 bbl Tank oil	159.00	04-10-05-13151	Active	
100/06-15-020-27W4M	GLADYS							Universal Industries Corp.	1000 bbl Tank	159.00	04-10-05-13150	Active	
100/06-15-020-27W4M	GLADYS							RWP	Dehy 500 g	1.35	100697	Active	
100/06-15-020-27W4M	GLADYS							ZEEST	CHEMICAL TANK (scale)	2.25		Active	
100/06-15-020-27W4M	GLADYS							WESTEEL	CHEMICAL TANK (demulsifier)	4.50		Active	
100/06-15-020-27W4M	GLADYS							WESTEEL	CHEMICAL TANK (glyco)	2.25		Inactive	
100/06-15-020-27W4M	GLADYS							WESTEEL	DIESEL TANK			Active	
100/06-15-020-27W4M	GLADYS								HP FROD UST			Active	
100/06-15-020-27W4M	GLADYS							Palma Fabrication & Supply	UP FROD UST			Active	
100/06-15-020-27W4M	GLADYS							WESTEEL	Tube Oil Storage Tank	15.90	1850-176	Active	
100/06-15-020-27W4M	GLADYS							WESTEEL	METHANOL TANK	4.50		Active	

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MFCRP - Tanks							Market Value		
Site Name	Budget Area	Type	Model Name	Manufacturer	Common Name	Capacity	Serial #	Status	Market Value
100/06-15-010-27W4M	GLADYS			WESTEEL	METHANOL TANK (wet)	2.25	266B4510	Active	
100/06-15-010-27W4M	GLADYS			WESTEEL	METHANOL TANK	4.50		Active	
100/06-15-010-27W4M	GLADYS			WESTEEL	METHANOL TANK (10-16 mesh line)	2.25		Active	
100/06-15-010-27W4M	GLADYS			WESTEEL	METHANOL TANK	2.25		Active	
100/06-15-010-27W4M	GLADYS			CLEMMER	METHANOL TANK	2.25		Active	
100/06-15-010-27W4M	GLADYS			Platinum Grover	Produced Water Tank	63.60	141168	Active	
100/06-15-010-27W4M	GLADYS			Platinum Grover	Produced Water Tank	63.60	141163	Active	
100/06-15-010-27W4M	GLADYS				Used Oil storage - UST (white underground)				
100/06-15-010-27W4M	GLADYS			ROCKET IND	USED OIL TANK	3.00	2562	Active	
100/06-15-010-27W4M	GLADYS			ZCL	UST TANK	1000 g	10907	Inactive	
100/10-15-011-27W4M	GLADYS			ZCL	Slowdown	6.00	15190	Active	
100/10-15-011-27W4M	GLADYS			WESTEEL	Bulk Oil	2.25	N/A	Active	
100/10-15-011-27W4M	GLADYS			TANSAFE	PRODUCED WATER	7.95	504070041	Active	
100/10-15-011-27W4M	GLADYS			WILCO INDUSTRIES	PRODUCED WATER	15.90	2785	Active	
100/13-17-020-26W4M	GLADYS			ZEEBEST PLASTICS	Slowdown	1.35	N/A	Active	
100/13-17-020-26W4M	GLADYS			ZCL	Slowdown	16.00		Active	
100/13-17-020-26W4M	GLADYS			WESTEEL	methanol	2.25	35-198	Active	
100/13-17-020-26W4M	GLADYS			G L M	14-03 AST - Emulsion Tank	63.60	D-91-623-4	Active	
100/14-03-021-27W4M	GLADYS			ZCL	Slowdown	2.25	15492	Active	
100/14-03-021-27W4M	GLADYS			WESTEEL	METHANOL TANK	2.25	N/A	Inactive	
100/06-04-016-27W4M	HIGH RIVER			Platinum Grover	D6-04 AST - Produced Sour Water	63.60	TK1171	Active	
100/06-04-016-27W4M	HIGH RIVER			Platinum Grover	D6-04 AST - Produced Sour Water	63.60	TK1167	Active	
100/06-04-016-27W4M	HIGH RIVER			GORD DUNN	METHANOL TANK	1000G	G1000002689	Active	
100/06-04-016-27W4M	HIGH RIVER			CLEMMER	METHANOL TANK	2.25	N/A	Active	
100/06-04-016-27W4M	HIGH RIVER			WESTEEL	METHANOL TANK	2.25	N/A	Active	
100/02-04-017-29W4M	HIGH RIVER			ZEEBEST	METH TK	1.13		Active	
100/02-04-017-29W4M	HIGH RIVER			WESTEEL	CHEMICAL TANK	2.25		Active	
100/02-04-017-29W4M	HIGH RIVER			WESTEEL	METH TK	2.25		Active	
100/02-04-017-29W4M	HIGH RIVER			WESTEEL	LUBE OIL TANK	2.25		Active	
100/02-04-017-29W4M	HIGH RIVER			Ruthon	-02-20 AST - Produced Water Tank/METH TK	17.50	n/a	Active	
100/02-20-017-29W4M	HIGH RIVER				BULK OIL TANK	1.30		Inactive	
100/02-20-017-29W4M	HIGH RIVER			WESTEEL	CHEMICAL TANK	2.25		Inactive	
100/02-20-017-29W4M	HIGH RIVER			WESTEEL	METHANOL TANK	2.25	63048311	Active	
100/02-34-018-29W4M	HIGH RIVER			WESTEEL	SOUR CRUDE OIL	0.45	67072857	Active	
100/02-34-018-29W4M	HIGH RIVER			N/A	Engine Oil Tank	2.20	N/A	Active	
100/03-05-017-27W4M	HIGH RIVER			ZCL	Flare Knockout Tank	3.98	15072	Active	
100/03-05-017-27W4M	HIGH RIVER			Clemmmer	Methanol Tank	2.20		Active	
100/03-05-017-27W4M	HIGH RIVER			CLEMMER	Methanol Tank	2.20	N/A	Active	
100/03-05-017-27W4M	HIGH RIVER			NWP	Produced Water Tank	58.04	4001154	Active	
100/04-09-017-29W4M	HIGH RIVER			Ruthon	D4-09 AST - Produced H2O TK/METH TK	17.50	n/a	Active	
100/04-09-017-29W4M	HIGH RIVER			WESTEEL	METH TK	2.25		Active	
100/10-32-017-29W4M	HIGH RIVER			ZEEBEST	BLOWDOWN TK	2.25		Inactive	
100/10-32-017-29W4M	HIGH RIVER			ZCL	10-32 AST - Produced Water Tank	7.90	n/a	Active	
100/10-32-017-29W4M	HIGH RIVER			WESTEEL	METHANOL TANK	2.25	67015828	Active	
100/10-32-017-29W4M	HIGH RIVER			ZEEBEST	USED OIL TANK	1.00		Inactive	
100/11-15-018-29W4M	HIGH RIVER			Torn/ado Flare Systems	11-15 Flare Knockout Drum	7.90	K408	Active	
100/11-15-018-29W4M	HIGH RIVER			WESTEEL	BULK OIL TANK	2.25	N/A	Active	
100/11-15-018-29W4M	HIGH RIVER			WESTEEL	CHEM TANK	2.25	N/A	Inactive	
100/11-15-018-29W4M	HIGH RIVER			PLUMS INDUSTRIES	Methanol Storage Tank - 400 BBL	63.60	1786-402	Active	
100/11-15-018-29W4M	HIGH RIVER			WESTEEL	METHANOL TANK	2.25	N/A	Active	

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MFGRP - Tanks							Market Value
Site Name	Budget Area	Type	Model Name	Manufacturer	Common Name	Capacity	Status
100/11-15-018-23W4M	HIGH RIVER			WESTEEL	METHANOL TANK	2.25	Active
100/11-15-018-23W4M	HIGH RIVER			WESTEEL	CHLOR TANK	2.25	Inactive
100/11-15-018-29W4M	HIGH RIVER				Produce Water Tank - 400 BBL	2.25	Active
100/11-31-016-28W4M	HIGH RIVER			WESTEEL	METHANOL TANK	63.60	Active
100/11-31-016-28W4M	HIGH RIVER			WESTEEL	Methanol Tank	2.25	Active
100/11-31-016-28W4M	HIGH RIVER			WESTEEL	Oil Tank	2.25	Active
100/11-31-016-28W4M	HIGH RIVER			ZCL	Produce Water Tank	4.77	Active
100/14-30-016-28W4M	HIGH RIVER			ZCL	BLOW DOWN TANK	2.25	Active
100/14-30-016-28W4M	HIGH RIVER			WESTEEL	METHANOL TANK	2.25	Active
100/16-08-018-23W4M	HIGH RIVER			ZCL	BLOW DOWN TANK	2.25	Inactive
100/16-08-018-23W4M	HIGH RIVER			WESTEEL	METHANOL TANK	2.25	Active
100/03-12-016-21W4M	LONG COULLEE			WESTEEL	100 gal Methanol Tank	4.40	Inactive
100/03-12-016-21W4M	LONG COULLEE			Argo Sales	200 bbl Storage Tank	31.80	Inactive
100/03-12-016-21W4M	LONG COULLEE			ZCL	BLOW DOWN TANK	2.25	Inactive
100/03-12-016-21W4M	LONG COULLEE			ZEEST	ENGINE COOLANT TANK	0.23	Inactive
100/03-12-016-21W4M	LONG COULLEE			WESTEEL	METHANOL TANK	2.25	Inactive
100/03-12-016-21W4M	LONG COULLEE			ARGO SALES	SOUR EMULSION TANK	2.25	Inactive
100/04-01-017-23W4M	LONG COULLEE			WESTEEL	Methanol Storage	2.25	Inactive
100/04-01-017-23W4M	LONG COULLEE			CLEMMER	METHANOL TANK-500 Gal	15.90	Inactive
100/04-01-017-23W4M	LONG COULLEE			Platinum	Produced Water Tank	15.90	Inactive
100/06-08-016-21W4M	LONG COULLEE			HYMP	06-08 AST - Produced Water Tank	15.90	Inactive
100/06-08-016-21W4M	LONG COULLEE			WESTEEL	CHEMICAL TANK	2.25	Inactive
100/06-17-016-21W4M	LONG COULLEE			Long Manufacturing	08-17 AST - Produced Water Tank	15.90	Inactive
100/16-04-016-23W4M	LONG COULLEE			ZCL	Flare Knockout Tank - 16000 L	16.00	Inactive
100/16-04-016-23W4M	LONG COULLEE			WESTEEL	METHANOL TANK	2.20	Inactive
100/16-04-016-23W4M	LONG COULLEE			Tank Safe	Produced Water Tank - 200 BBL	31.80	Inactive
100/16-04-016-23W4M	LONG COULLEE			WESTEEL	Lube Oil Tank	2.25	Inactive
100/13-25-019-29W4M	YOUNGE CREEK			POLY ZEEST	METH TANK	2.25	Active
100/13-25-019-29W4M	YOUNGE CREEK			ZCL	USED OIL TANK	1.30	Active
100/13-25-019-29W4M	YOUNGE CREEK			ZCL	BLOWDOWN TANK	2.25	Active
100/13-25-019-29W4M	YOUNGE CREEK			ZCL	PRODUCTION WATER	16M3	ACTIVE
100/01-02-018-21W4M	QUEENSTOWN			Universal	100 bbl Produced Water Tank	15.90	Active
100/01-02-018-21W4M	QUEENSTOWN			Clemmer	500 gal Methanol Tank	2.30	Active
100/01-02-018-21W4M	QUEENSTOWN			Clemmer	500 gal Methanol Tank	2.30	Active
100/01-02-018-21W4M	QUEENSTOWN			TankSafe Inc.	CONDENSATION TANK	7.80	Active
100/01-02-018-21W4M	QUEENSTOWN			Westeel	Engine Oil Tank	3.00	Inactive
100/01-02-018-21W4M	QUEENSTOWN			rd	Blowdown tank	3.00	Inactive
100/01-02-018-21W4M	QUEENSTOWN			rd	Blowdown tank	3.00	Active
100/01-02-018-21W4M	QUEENSTOWN			rd	Glycol Tank	2.20	Active
100/01-02-018-21W4M	QUEENSTOWN			Boomers	Oil Tank	15.90	Inactive
100/01-02-018-21W4M	QUEENSTOWN			WVP	PRODUCTION TANK	63.60	Active
100/01-02-018-21W4M	QUEENSTOWN			Tank Safe	Reboiler Tank (Propag)	7.85	Inactive
100/01-02-018-21W4M	QUEENSTOWN			Boomers	methanol storage	5.90	Active
100/01-02-018-21W4M	QUEENSTOWN			Westeel	Spure Tank	1.70	Active
100/12-30-017-21W4M	QUEENSTOWN			Universal	100 bbl Produced Water Tank	15.90	Active
100/12-30-017-21W4M	QUEENSTOWN			Clemmer	500 gal Methanol Tank	2.20	Active
100/12-30-017-21W4M	QUEENSTOWN			Westeel	Methanol Tank	2.20	Active
100/12-30-017-21W4M	QUEENSTOWN			Clemmer	meth tank	2.20	Active
100/16-16-018-24W4M	SHOULDICE			ZCL Composite Inc.	Emulsion Tank	8.25	Active

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MFCRP - Tanks							Market Value		
Site Name	Budget Area	Type	Model Name	Manufacturer	Common Name	Capacity	Serial #	Status	Market Value
100/16-16-01B-24W4M	SHOULDRICE			ZCL Composite Inc.	Flare Knockout Tank	8.27	1-040380LD-12742	Active	
100/16-16-01B-24W4M	SHOULDRICE			Tank Safe	Glycol Overflow Tank	7.95	SOFD40028	Active	
100/16-16-01B-24W4M	SHOULDRICE			Westeel	Methanol Tank	1.89		Active	
100/16-16-01B-24W4M	SHOULDRICE			Nusco	Produced Water Tank	31.80	007545	Active	
100/12-09-019-22W4M	SHOULDRICE			ZCL	BLOW DOWN TANK	2,200,000.00	15503	Inactive	
100/12-09-019-22W4M	SHOULDRICE		VLC-56A3	Clemmer	Methanol Tank	1,360,000.00	000400	Inactive	
100/12-09-019-22W4M	SHOULDRICE		100LD-BN	Panox Oil & Gas	Produced Water Tank	11,560,000.00	1-103-984	Inactive	
100/16-16-01B-24W4M	SHOULDRICE			Westeel	Production Tank	63.60	1986-229	Active	
100/16-16-01B-24W4M	SHOULDRICE			Westeel	Methanol Tank	2.20		Active	
100/16-16-01B-24W4M	SHOULDRICE			Westeel	Methanol Tank	2.20		Active	
100/16-16-01B-24W4M	SHOULDRICE			Westeel	Tube Oil Tank	2.20		Active	
100/09-29-015-25W4M	VULCAN			TANKSAFE	100 bbl pop tank	15.80	100A080017	Active	
100/09-29-015-25W4M	VULCAN		2200 L	Clemmer	500 gal Methanol Tank	2.20		Active	
100/09-29-015-25W4M	VULCAN		2200 L	Clemmer	500 gal Methanol Tank	2.20		Active	
100/09-29-015-25W4M	VULCAN			Argo	Crude Oil Tank #1 (in Tank Farm)	159.00	8336	Active	
100/09-29-015-25W4M	VULCAN			Argo	Crude Oil Tank #2 (in Tank Farm)	159.00	8337	Active	
100/09-29-015-25W4M	VULCAN			Westeel	Demulsifier Tank	1.37		Active	
100/09-29-015-25W4M	VULCAN			Westeel	Demulsifier Tank	1.37		Active	
100/09-29-015-25W4M	VULCAN			Westeel	Engine Oil Tank (By Compressor Building)	2.20		Active	
100/09-29-015-25W4M	VULCAN		100 BBL	NUSCO	FLARE KNOCKOUT TANK		21654	Active	
100/09-29-015-25W4M	VULCAN			Westeel	Glycol Tank (By Compressor Building)	2.20		Active	
100/09-29-015-25W4M	VULCAN			Westeel	Glycol Tank (By Dairy Building)	2.20	5705 4546	Active	
100/09-29-015-25W4M	VULCAN			Westeel	Methanol Tank	2.20		Active	
100/09-29-015-25W4M	VULCAN			Argo	Produced Water Tank #1 (in Tank Farm)	159.00	8334	Active	
100/09-29-015-25W4M	VULCAN			Argo	Produced Water Tank #2 (in Tank Farm)	159.00	8335	Active	
100/16-04-015-25W4M	VULCAN			Westeel	Engine Tank Oil	2.30	55062412	Active	
100/16-04-015-25W4M	VULCAN			WESTEEL	ENGINE TANK OIL	2,300,000.00	87079774	Inactive	
100/16-04-015-25W4M	VULCAN			Nusco	Flare Knock Out Drum	7.95	21958	Active	
100/16-04-015-25W4M	VULCAN			ZCL	FLARE KNOCKOUT TANK	7,950,000.00	21958	Inactive	
100/16-04-015-25W4M	VULCAN			ZCL	Methanol Tank	1.35		Active	
100/16-04-015-25W4M	VULCAN			RWP	PRODUCED WATER TANK	63.60	4001284	Active	
100/16-04-015-25W4M	VULCAN			ZCL	Spare Tank	2.30	15685	Inactive	
100/16-04-015-25W4M	VULCAN			ZCL	SPARE TANK (Sucker Blow down)	2.30	15809	Active	
100/15-11-030-23W4M	GHOST PINE			pro compression	Produced Water Tank	200bbl	A-5201	Active	4,000

MFCRP - Miscellaneous Equipment								
Site Name	Budget Area Name	Serial #	Type	Common Name	Model Name	Manufacturer	Status	Market Value
100/06-29-022-28W4M	CENTRON			COMPRESSOR BLDG		WASEA	Inactive	
100/06-29-022-28W4M	CENTRON	03-134		METER RUN BLDG		WARWICK	Inactive	
100/06-29-022-28W4M	CENTRON	SKD 0209		SEPARATOR BLDG		PLATINUM GROVER	Inactive	
100/10-21-023-28W4M	CROSSFIELD	SKD0107		COMPRESSOR BUILDING		ALMAC	Active	
100/10-21-023-28W4M	CROSSFIELD	SKD0107		SEPARATOR BUILDING, Inlet Sep		ALMAC	Active	
100/10-21-023-28W4M	CROSSFIELD	SKD0105		SEPARATOR BUILDING, 2-28 Sep		LA METAL	Active	
100/10-21-023-28W4M	CROSSFIELD	SKD0103		SEPARATOR BUILDING, 7-33 Inlet		ALMAC	Active	
100/10-21-023-28W4M	CROSSFIELD	N/A		METER BUILDING, Sales		WARWICK	Active	
100/10-21-023-28W4M	CROSSFIELD	SKD0102		PROD BUILDING		R POLLITT OLFIELD	Active	
100/10-21-023-28W4M	CROSSFIELD			METER BUILDING, Alco 77		N/A	Active	
100/10-21-023-28W4M	CROSSFIELD	SKD0104		HEADER BUILDING		N/A	Active	
100/10-21-023-28W4M	CROSSFIELD	SKD0106		SEPARATOR BUILDING, 10/21 F/G Sep	SKD040453301CF2	N/A	Active	
100/10-21-023-28W4M	CROSSFIELD	WPB395-401	Driver	MOTOR, spare		G.E.	Inactive	
100/10-21-023-28W4M	CROSSFIELD	JL708319001	Driver	MOTOR, spare	TSX4013006TE4	WESTINGHOUSE	Inactive	
100/10-21-023-28W4M	CROSSFIELD	EL 51.40676.911	Driver	MOTOR, spare	RBZDV13.2M4	SEW-EURODRIVE	Inactive	
100/07-33-023-28W4M	CROSSFIELD			FWKO BUILDING		TERRA NOVA	Active	
100/07-33-023-28W4M	CROSSFIELD			STORAGE BUILDING		N/A	Active	
100/07-33-023-28W4M	CROSSFIELD			VRU BUILDING		LA METAL	Active	
100/07-33-023-28W4M	CROSSFIELD		Office Building	PUMP BUILDING		RONACO	Active	
100/04-15-022-27W4M	DALEMEAD	N/A		INLET SEPARATOR BUILDING		ARMOR	Active	
100/04-15-022-27W4M	DALEMEAD	05-1023FGS		METER BUILDING		WARWICK	Active	
100/04-15-022-27W4M	DALEMEAD	N/A		MCC BUILDING		WARWICK	Active	
100/04-15-022-27W4M	DALEMEAD	N/A		FLARE STACK		TORNADO	Active	
100/04-15-022-27W4M	DALEMEAD	04291		COMPRESSOR BUILDING		BIDELL	Active	
100/04-15-022-27W4M	DALEMEAD	121200151		INCINERATOR	503138	QUESTOR TECHNOLOGY INC	Active	
100/04-33-022-27W4M	DALEMEAD	SKD00088		COMPRESSOR BUILDING		MAKLOC BUILDINGS INC	Active	
100/04-33-022-27W4M	DALEMEAD	N/A		INLET SEPARATOR		MAKLOC BUILDINGS INC	Active	
100/04-33-022-27W4M	DALEMEAD	SKD00096	Driver	SEP BUILDING		LA METAL	Active	
100/14-16-022-27W4M	DALEMEAD			Compressor Building		Bidell	Inactive	
100/14-16-022-27W4M	DALEMEAD			Meter/line hit Building		Rushion	Inactive	
100/06-15-020-27W4M	GLADYS	SKD00299		SEPARATOR BUILDING		MAKLOC	Inactive	
100/06-15-020-27W4M	GLADYS			FLARE STACK		N/A	Active	
100/06-15-020-27W4M	GLADYS			FLARE STACK		N/A	Active	
100/06-15-020-27W4M	GLADYS	SKD00252		LINE HEATER BLDG (well)		ALMAC	Inactive	
100/06-15-020-27W4M	GLADYS	SKD00251		SEPARATOR BLDG (well)		KT METAL	Active	
100/06-15-020-27W4M	GLADYS	SKD00310		DEHY BUILDING		ALMAC	Active	
100/06-15-020-27W4M	GLADYS			COMPRESSOR BLDG (sweet)	05382	BIDELL EQUIPMENT	Active	
100/06-15-020-27W4M	GLADYS			SCRUBBER BLDG (1st st white)		ALMAC	Active	
100/06-15-020-27W4M	GLADYS			COMPRESSOR BLDG (white compressor)		ALMAC	Active	
100/06-15-020-27W4M	GLADYS	7438014473		AIR COMPRESSOR BLDG		TERRA NOVA	Active	
100/06-15-020-27W4M	GLADYS			MCC BLDG			Active	
100/06-15-020-27W4M	GLADYS			BOILER BLDG		LA METAL	Inactive	
100/06-15-020-27W4M	GLADYS	SKD00255		TREATER BLDG (vertical)			Active	
100/06-15-020-27W4M	GLADYS	SKD00254		TREATER BLDG (horizontal)			Active	
100/06-15-020-27W4M	GLADYS			COMP BLDG (sour booster)			Inactive	
100/06-15-020-27W4M	GLADYS			SEPARATOR BLDG (inlet sour sep)			Inactive	
100/06-15-020-27W4M	GLADYS	SKD00074		PUMP BLDG (H2O Inlet)			Active	
100/06-04-016-27W4M	HIGH RIVER	SKD00296		SEPARATOR BUILDING		LA METAL	Active	
100/06-04-016-27W4M	HIGH RIVER	SKD00294		SEPARATOR BUILDING		CHAD CO. CANADA	Active	
100/06-04-016-27W4M	HIGH RIVER	SKD00293		COMPRESSOR BUILDING		RONICO	Active	
100/06-04-016-27W4M	HIGH RIVER	97-1049		FLARE STACK		TORNADO	Active	

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MFCRP - Miscellaneous Equipment								Market Value
Site Name	Budget Area Name	Serial #	Type	Common Name	Model Name	Manufacturer	Status	Market Value
100/06-04-016-27W4M	HIGH RIVER	93-0709	Office Building	ESD	FLARE STACK	TORNADO	Active	
100/06-04-016-27W4M	HIGH RIVER			FLARE STACK	COMPRESSOR BLDG	WESTERN BLDG	INACTIVE	
100/02-04-017-29W4M	HIGH RIVER			FLARE STACK	FLARE STACK	R POLLIT	Active	
100/02-04-017-29W4M	HIGH RIVER			40" C CAN	COMPRESSOR SKID	WASEA BLDG	Active	
100/02-20-017-29W4M	HIGH RIVER			SEPARATOR SKID	GENERATOR	LA METAL	INACTIVE	
100/02-20-017-29W4M	HIGH RIVER			GENERATOR SKID	FLARE STACK	KOHLER POWER SYSTEM	Active	
100/02-20-017-29W4M	HIGH RIVER	SKID 0142		FLARE STACK	FLARE STACK	BIG FOOT METAL SYSTEMS	INACTIVE	
100/02-34-018-29W4M	HIGH RIVER	071-0317		DOWNHOLE PUMP	SCADA	R POLLIT	INACTIVE	
100/03-05-017-27W4M	HIGH RIVER	UNIT # 8047		40" C CAN OFF/MCC	ESD BUILDING	TORNADO	Active	
100/03-05-017-27W4M	HIGH RIVER	SKID6504		FLARE STACK	FLARE STACK	CBV PORTABLE	Active	
100/03-05-017-27W4M	HIGH RIVER	SKID2041		COMPRESSOR SKID	COMPRESSOR BLDG	QA STRUCTURES	Active	
100/03-05-017-27W4M	HIGH RIVER	01-603VS		FLARE STACK	FLARE STACK	SWATECH	Active	
100/10-32-017-29W4M	HIGH RIVER			COMPRESSOR SKID	COMPRESSOR BLDG	WARWICK	Active	
100/10-32-017-29W4M	HIGH RIVER	SKID 0169		FLARE STACK	FLARE STACK	BRAHANA	INACTIVE	
100/11-15-018-29W4M	HIGH RIVER	N/A		TOOL SHED	TOOL SHED	TORNADO	Active	
100/11-15-018-29W4M	HIGH RIVER	5581647		20" C CAN	20" C CAN	CBV PORTABLE	Active	
100/11-15-018-29W4M	HIGH RIVER	QT/12301007678	20" C CAN	20" C CAN	QA STRUCTURES	Active		
100/11-15-018-29W4M	HIGH RIVER		STORAGE SHED	STORAGE SHED		Active		
100/11-15-018-29W4M	HIGH RIVER	SKID 0170	FKO BUILDING	FKO BUILDING	R POLLIT	Active		
100/11-15-018-29W4M	HIGH RIVER		COMPRESSOR BLDG	COMPRESSOR BLDG	RONACO	Active		
100/11-31-016-28W4M	HIGH RIVER		MCC BLDG	MCC BLDG	RONACO	Active		
100/11-31-016-28W4M	HIGH RIVER		COMPRESSOR BLDG	COMPRESSOR BLDG	MAXLOC BLDG	Active		
100/11-31-016-28W4M	HIGH RIVER	SKID 0072	FLARE STACK	FLARE STACK	R POLLIT	Active		
100/11-31-016-28W4M	HIGH RIVER		COMPRESSOR BLDG	COMPRESSOR BLDG	TORNADO	Active		
100/14-30-016-28W4M	HIGH RIVER		SEPARATOR BUILDING	SEPARATOR BUILDING	WARWICK	INACTIVE		
100/03-12-016-21W4M	LONG COULEE		FLARE STACK	FLARE STACK	ORBAN	Active		
100/03-12-016-21W4M	LONG COULEE	PRL PKG0555	SEPARATOR SKID	SEPARATOR SKID	TORNADO	Active		
100/04-01-017-23W4M	LONG COULEE		LINE HEATER/SEPARATOR BUILDING	LINE HEATER/SEPARATOR BUILDING	Stettler Oil & Gas	Active		
100/04-01-017-23W4M	LONG COULEE	SKID0287	COMPRESSOR BUILDING	COMPRESSOR BUILDING	BIG FOOT METAL SYSTEMS	Active		
100/06-08-016-21W4M	LONG COULEE	BE01-09	MCC SKID	MCC SKID	BIDELL EQUIPMENT	Active		
100/16-04-016-23W4M	LONG COULEE		OFFICE SKID	OFFICE SKID	WARWICK	Active		
100/16-04-016-23W4M	LONG COULEE		COMPRESSOR SKID	COMPRESSOR SKID	ARCTICORE	Active		
100/16-04-016-23W4M	LONG COULEE		COMPRESSOR SKID	COMPRESSOR SKID	TORMOUNT	Active		
100/16-04-016-23W4M	LONG COULEE		METER SKID	METER SKID	WARWICK	Active		
100/16-04-016-23W4M	LONG COULEE		FLARE STACK	FLARE STACK	WARWICK	Active		
100/13-25-019-29W4M	Tongue Creek	266	OFFICE TRAILER	OFFICE TRAILER	W061857	Active		
100/01-02-018-22W4M	QUEENSTOWN	QT12300508786	MCC SKID	MCC SKID	Almeh	Active		
100/01-02-018-22W4M	QUEENSTOWN		SEPARATOR SKID	SEPARATOR SKID	Quality Assured	Active		
100/01-02-018-22W4M	QUEENSTOWN		COMPRESSOR SKID	COMPRESSOR SKID	Stettler King	Active		
100/01-02-018-22W4M	QUEENSTOWN		COMPRESSOR SKID	COMPRESSOR SKID	Stettler Oil & Gas	Active		
100/01-02-018-22W4M	QUEENSTOWN		COMPRESSOR SKID	COMPRESSOR SKID	LA Metal	Active		
100/01-02-018-22W4M	QUEENSTOWN		COMPRESSOR SKID	COMPRESSOR SKID	Terra Nova	Active		

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04/01/2016

APPENDIX 12

MFCRP - Miscellaneous Equipment								
Site Name	Budget Area Name	Serial #	Type	Common Name	Model Name	Manufacturer	Status	Market Value
100/01-02-018-22W4M	QUEENSTOWN			SEPERATOR SKID		Stettler Oil & Gas	Active	
100/01-02-018-22W4M	QUEENSTOWN			SEPERATOR SKID			Active	
100/01-02-018-22W4M	QUEENSTOWN			REFRIG SKID		LA Metal	Active	
100/01-02-018-22W4M	QUEENSTOWN			FLARE STACK			Active	
100/01-02-018-22W4M	QUEENSTOWN			PROCESS SKID		Almac	Active	
100/01-02-018-22W4M	QUEENSTOWN			METER SKID		Metalex	Active	
100/01-02-018-22W4M	QUEENSTOWN			SEPERATOR SKID			Active	
100/01-02-018-22W4M	QUEENSTOWN	UNIT # 8752		SCADA		LA METAL	Inactive	
100/12-30-017-21W4M	QUEENSTOWN			SEPERATOR SKID			Active	
100/12-30-017-21W4M	QUEENSTOWN			SEPERATOR SKID			Inactive	
100/12-09-019-22W4M	SHOULDICE			COMPRESSOR SKID		WASEA	Inactive	
100/12-09-019-22W4M	SHOULDICE			SEPERATOR SKID			Inactive	
100/16-16-018-24W4M	SHOULDICE	031148-152		Deby		Propak	Active	
100/16-16-018-24W4M	SHOULDICE	SW70405		FLARE STACK		Swattech Industries	Active	
100/16-16-018-24W4M	SHOULDICE			Spare Flare Stack			Inactive	

Schedule B
Fee Simple Freehold Lands

APPENDIX 11

NOTICE OF ASSIGNMENT

Heritage Compton Petroleum Corporation Lands;
Various Lands - AB (For reference only)

WHEREAS, by agreement ("Transfer Agreement") dated December 29, 2015, 0989 Resource Partnership (formerly MFC Resource Partnership), as Assignor, transferred and conveyed effective December 29, 2015 ("Transfer Date") an interest in property as more fully described below to 1059302 B.C. Ltd. as Assignee; and

WHEREAS, Assignor and one or more parties ("Third Party") are subject to and bound by that certain Compton Amended and Restated Gross Overriding Royalty Agreement dated June 24, 2010, made between, by or among Compton Petroleum Corporation, Compton Petroleum (a general partnership), Hornet Energy Ltd., and Caledonian Royalty Corporation, as may have been amended, affecting the land or property therein described ("Master Agreement"); and

WHEREAS, in accordance with the terms and provisions of the Master Agreement, Assignor and Assignee intend to serve notice to current Third Party to the Master Agreement of the transfer and conveyance as described in the Transfer Agreement.

NOW, THEREFORE, THIS NOTICE OF ASSIGNMENT WITNESSES THAT in consideration of the mutual advantages and benefits accruing to the parties hereto, notice is hereby given, as follows:

1. Assignor (specify proportions if more than one Assignor):

0989 RESOURCE PARTNERSHIP

2. Assignee (specify proportions if more than one Assignee and include address for service of notice pursuant to Master Agreement).

**1059032 B.C. LTD.
1860 - 400 BURRARD STREET
VANCOUVER, BC
V6C 3A6**

Attention: Land Manager

3. Current Third Party to Master Agreement:

CALEDONIAN ROYALTY CORPORATION

4. Assigned Interest: (Check A or B below):

☐ A. Transfer Agreement covers 100.00% of Assignor's entire undivided right, title and interest in the Master Agreement but shall not include rights of the Assignor as operator ("Assigned Interest"); OR

☒ B. Transfer Agreement covers a portion of Assignor's right, title and interest in the Master Agreement but shall not include rights of the Assignor as operator ("Assigned Interest"). In the event Alternative B is checked, the following is the legal description of all lands and interests transferred and conveyed in the Transfer Agreement (attach schedule if more space is needed):

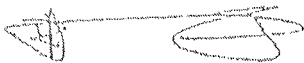
SEE ATTACHED SCHEDULE "A"

5. Subject to Clause 7 of this Notice of Assignment, Assignor and Assignee, in accordance with the terms of the Transfer Agreement, acknowledge that:
- (i) Assignor has transferred and conveyed the Assigned Interest to the Assignee as of the Transfer Date; and
 - (ii) Assignee agrees to replace Assignor, on and after the Transfer Date, as a party to the Master Agreement with respect to the Assigned Interest; and
 - (iii) Assignee agrees to be bound by and observe all terms, obligations and provisions in the Master Agreement with respect to the Assigned Interest on and after the Transfer Date.
6. Subject to the terms and provisions of the Transfer Agreement, Assignee on and after the Transfer Date:
- (i) discharges and releases Assignor from the observance and performance of all terms and covenants in the Master Agreement and any obligations and liabilities which arise or occur under the Master Agreement with respect to the Assigned Interest; and
 - (ii) does not release and discharge Assignor from any obligation or liability which had arisen or accrued prior to the Transfer Date or which does not relate to the Assigned Interest.
7. Assignee and Assignor agree that in all matter relating to the Master Agreement with respect to the Assigned Interest, subsequent to the Transfer Date and prior to the Binding Date, Assignor acts as trustee for and duly authorized agent of Assignee, and Assignee, for the benefit of the Third Party, ratifies, adopts and confirms all acts or omissions of Assignor in such capacity as trustee and agent.
8. This Notice of Assignment shall become binding on all parties to the Master Agreement on the first day of the second calendar month following the month this notice is served on Third Party in accordance with the terms of the Master Agreement ("Binding Date"). In addition, Assignor and Assignee agree that they shall be solely responsible for any adjustment between themselves with respect to the Assigned Interest as to revenues, benefits, costs, obligations or indemnities which accrue prior to the Binding Date.
9. Assignor represents and certifies that this Notice of Assignment and its service are in compliance with all the terms and provisions of the Master Agreement.

IN WITNESS WHEREOF this Notice of Assignment has been duly executed by Assignor and Assignee on the date indicated for each below:

Assignor

0989 RESOURCE PARTNERSHIP



Rob Jennings
Chief Operating Officer

Dated: June 28, 2016

Assignee

1059032 B.C. LTD.

Samuel Morrow
Director

Dated: June 28, 2016

SCHEDULE "A" ATTACHED TO NOTICE OF ASSIGNMENT BETWEEN 0989 RESOURCE PARTNERSHIP AND 1059032 B.C. LTD., DATED JUNE 28, 2016

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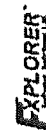
File Number	Title Information	Land	Relator's Interest	Encumbrances	Operating Contract	Notes
M07503 A	LSE TYPE COMPTON FE TWP 14 RGE 23 W4M W23 LSE DATE 2007 Jan 04 (UNDIVIDED 1/8 INTEREST) EFF DATE 2007 Jan 04 ALL M&M EXP DATE NIL M&M INT 16.67 GROSS ACRES 53.330 NET ACRES 53.330 COUNTACREAGE Y	EXCL COAL EXCL PET	CUR INT WI MFC RESOUR 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% POBY MFC RESOUR 100.0% General 0000 No ROFR Applies	ROYALTY LINKS C02881 A General 0000 No ROFR Applies	
M00758 A	LSE TYPE COMPTON FE TWP 15 RGE 25 W4M W 23 LSE DATE 1968 Apr 14 ALL M&M EFF DATE 1968 Apr 14 EXCL COAL EXP DATE NIL M&M INT 100.0 GROSS ACRES 322.000 NET ACRES 322.000 COUNTACREAGE Y	EXCL PETROLEUM	CUR INT WI MFC RESOUR 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% POBY MFC RESOUR 100.0% General 0000 No ROFR Applies	ROYALTY LINKS C02881 A General 0000 No ROFR Applies	
M009301 A	LSE TYPE COMPTON FE TWP 18 RGE 29 W4M FR SW 36 LSE DATE 2003 Aug 18 ALL M&M EFF DATE 2003 Aug 18 EXP DATE NIL M&M INT 100.0 GROSS ACRES 1.021 NET ACRES 1.021 COUNTACREAGE Y		CUR INT WI MFC RESOUR 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% POBY MFC RESOUR 100.0% General 0000 No ROFR Applies	ROYALTY LINKS C02881 A General 0000 No ROFR Applies	
M009303 A	LSE TYPE COMPTON FE TWP 18 RGE 28 W4M PT NN 36 LSE DATE 2008 Jan 15 ALL M&M EFF DATE 2008 Jan 15 EXP DATE NIL M&M INT 0.0 GROSS ACRES 267.330 NET ACRES 267.330 COUNTACREAGE Y		CUR INT WI MFC RESOUR 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% POBY MFC RESOUR 100.0% General 0000 No ROFR Applies	ROYALTY LINKS C02881 A General 0000 No ROFR Applies	

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File Number	Title Information	Land	State's Interest	Easement	Operating Contract	Notes
M03978 A	LSE TYPE: COMPTON FE TWP 20 RGE 23 W4M NW 15 LSE DATE: 2002 Oct 07 ALL M&M EXCL COAL EFF DATE: 2002 Oct 07 EXP DATE: NIL ANRL INT: 100.0 GROSS ACRES: 160.000 NET ACRES: 160.000 COUNT ACREAGE: Y		CUR INT: WI MFC RESOUR 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% PDBY MFC RESOUR 100.0%	ROYALTY LINKS C02881 A General 0000 No ROFR Applies	
M03980 A	LSE TYPE: COMPTON FE TWP 20 RGE 23 W4M NE 16 LSE DATE: 2002 Oct 07 ALL M&M EXCL COAL EFF DATE: 2002 Oct 07 EXP DATE: NIL ANRL INT: 100.0 GROSS ACRES: 160.000 NET ACRES: 160.000 COUNT ACREAGE: Y		CUR INT: WI MFC RESOUR 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% PDBY MFC RESOUR 100.0%	ROYALTY LINKS C02881 A General 0000 No ROFR Applies	
M03981 A	LSE TYPE: COMPTON FE TWP 20 RGE 23 W4M SW 21 LSE DATE: 2002 Oct 07 ALL M&M EXCL COAL EFF DATE: 2002 Oct 07 EXP DATE: NIL ANRL INT: 100.0 GROSS ACRES: 160.000 NET ACRES: 160.000 COUNT ACREAGE: Y		CUR INT: WI MFC RESOUR 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% PDBY MFC RESOUR 100.0%	ROYALTY LINKS C02881 A General 0000 No ROFR Applies	
M03978 A	LSE TYPE: COMPTON FE TWP 20 RGE 23 W4M SE 22 LSE DATE: 2002 Oct 07 ALL M&M EXCL COAL EFF DATE: 2002 Oct 07 EXP DATE: NIL ANRL INT: 100.0 GROSS ACRES: 160.000 NET ACRES: 160.000 COUNT ACREAGE: Y		CUR INT: WI MFC RESOUR 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% PDBY MFC RESOUR 100.0%	ROYALTY LINKS C02881 A General 0000 No ROFR Applies	



MFC Resource Partnership
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File Number	Title Informa tion	Land	Seller's Interest	Encumbrance	Operating Contract	Waive
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COUNTACREAGE Y

M00181 A LSE TYPE: COMPTON FE TWP 20 RGE 28 W 4M PTN NW 7,
 LSE DATE: 1997 Apr 01 PTN NE 7 NONCONV GOR
 EFF DATE: 1997 Apr 01 (UNDIVIDED 37 5% INTEREST) ALL 12.5% ROYALTY LINKS
 EXP DATE: NIL ALL M&M C01265 A
 MNRL INT: 37.5 EXCL COAL POBY MFC RESOUR 100.0% General 0000 ROFR No/ Applicable
 GROSS ACRES: 70.588 NONCONV HGORR C02881 A
 NET ACRES: 70.588 ALL 5.0% General 0000
 COUNTACREAGE Y BASED ON 100.0% No ROFR Applies
 POBY MFC RESOUR 100.0%

M05409 A LSE TYPE: COMPTON FE TWP 20 RGE 28 W 4M S 10
 LSE DATE: 2004 Dec 31 (UNDIVIDED 1/2 INTEREST) CUR INT WI MFC RESOUR 100.0%
 EFF DATE: 2004 Dec 31 ALL PNG
 EXP DATE: NIL
 MNRL INT: 50.0
 GROSS ACRES: 160.000
 NET ACRES: 160.000
 COUNTACREAGE Y
 ROYALTY LINKS
 C02881 A
 General 0000
 No ROFR Applies

M07912 A LSE TYPE: COMPTON FE TWP 20 RGE 28 W 4M S 10
 LSE DATE: 2007 Jun 27 (UNDIVIDED 1/2 INTEREST) CUR INT WI MFC RESOUR 100.0%
 EFF DATE: 2007 Jun 27 ALL PNG
 EXP DATE: NIL
 MNRL INT: 50.0
 GROSS ACRES: 160.000
 NET ACRES: 160.000
 COUNTACREAGE Y
 NONCONV HGORR
 ALL 5.0%
 BASED ON 100.0%
 POBY MFC RESOUR 100.0%
 ROYALTY LINKS
 C02881 A
 General 0000
 No ROFR Applies

M00134 A LSE TYPE: COMPTON FE TWP 20 RGE 28 W 4M PTN SW 16
 LSE DATE: 1997 Apr 01 (UNDIVIDED 3/8 INTEREST) CUR INT WI MFC RESOUR 100.0%
 EFF DATE: 1997 Apr 01 ALL M&M FROM TOP SURFACE TO
 EXP DATE: NIL BASE BASEMENT
 MNRL INT: 37.5
 NONCONV GOR
 ALL 12.5%
 BASED ON 100.0%
 POBY MFC RESOUR 100.0%
 ROYALTY LINKS
 C01265 B
 General 0000
 ROFR No/ Applicable

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File Number	Title Information	Land	Seller's Interest	Encumbrances	Operating Contract	Whole
M00134 B	GROSS ACRES: 59.970			NONCONV HGORR	C02881 AA	
	NET ACRES: 59.970			ALL 5.0%	General 0000	
	COUNTACREAGE: Y			BASED ON 100.0%	No ROFR Applies	
				POBY MFC RESOUR 100.0%		
	LSE TYPE: COMPTON FF TWP 20 RGE 28 W 44 NE 16		CUR INT WI	NONCONV GOR	ROYALTY LINKS	
	LSE DATE: 1987 Apr 01 (UNDIVIDED 3/8 INTEREST)		MFC RESOUR 100.0%	ALL 12.5%	C01285 C	
	EFF DATE: 1997 Apr 01 ALL M&M			BASED ON 100.0%	General 0000	
	EXP DATE: NIL	EXCL PNG		POBY MFC RESOUR 100.0%	ROFR Not Applicable	
	MNRL INT 37.5			NONCONV HGORR	C02881 AA	
	GROSS ACRES: 60.000			ALL 5.0%	General 0000	
	NET ACRES: 60.000			BASED ON 100.0%	No ROFR Applies	
	COUNTACREAGE: Y			POBY MFC RESOUR 100.0%		
M05517 A	LSE TYPE: COMPTON FF TWP 20 RGE 28 W 44 NE 27		CUR INT WI	NONCONV HGORR	ROYALTY LINKS	
	LSE DATE: 2008 Jan 25 (UNDIVIDED 2/32 INTEREST)		MFC RESOUR 100.0%	ALL 5.0%	C02881 A	
	EFF DATE: 2008 Jan 25 ALL M&M EXCL COAL			BASED ON 100.0%	General 0000	
	EXP DATE: NIL			POBY MFC RESOUR 100.0%	No ROFR Applies	
	MNRL INT 6.25			NONCONV HGORR	ROYALTY LINKS	
	GROSS ACRES: 10.000			ALL 5.0%	C02881 A	
	NET ACRES: 10.000			BASED ON 100.0%	General 0000	
	COUNTACREAGE: Y			POBY MFC RESOUR 100.0%	No ROFR Applies	
M06034 A	LSE TYPE: COMPTON FF TWP 20 RGE 28 W 44 NE 27		CUR INT WI	NONCONV HGORR	ROYALTY LINKS	
	LSE DATE: 2007 Sep 08 (UNDIVIDED 1/16 INTEREST)		MFC RESOUR 100.0%	ALL 5.0%	C02881 A	
	EFF DATE: 2007 Sep 08 ALL M&M			BASED ON 100.0%	General 0000	
	EXP DATE: NIL			POBY MFC RESOUR 100.0%	No ROFR Applies	
	MNRL INT 6.25			NONCONV HGORR	ROYALTY LINKS	
	GROSS ACRES: 10.000			ALL 5.0%	C02881 A	
	NET ACRES: 10.000			BASED ON 100.0%	General 0000	
	COUNTACREAGE: Y			POBY MFC RESOUR 100.0%	No ROFR Applies	
M00136 A	LSE TYPE: COMPTON FF TWP 20 RGE 28 W 44 NW 28		CUR INT WI	NONCONV HGORR	ROYALTY LINKS	
	LSE DATE: 1997 Apr 01 ALL PNG		MFC RESOUR 100.0%	ALL 5.0%		

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Report ID: RP-0053

File Number	Title Information	Land	State's Interest	Encumbrances	Operating Contract	Notes
	EFF DATE: 1997 Apr 01 EXP DATE: NIL MNRL INT: 100.0 GROSS ACRES: 180.000 NET ACRES: 180.000 COUNT ACREAGE: Y			BASED ON 100.0% POBY MFC RESOUR 100.0%	C02881 AA General 0000 No ROFR Applies	
M00875 A	LSE TYPE: COMPTON FE TWP 20 RGE 29 W4M NW 1 LSE DATE: 1998 Mar 27 (AS TO AN UND 25.5% NT) EFF DATE: 1998 Mar 27 ALL PNG EXP DATE: NIL MNRL INT: 25.5 GROSS ACRES: 40.800 NET ACRES: 40.800 COUNT ACREAGE: Y		CUR INT: WI MFC RESOUR 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% POBY MFC RESOUR 100.0%	ROYALTY LINKS C02881 AA General 0000 No ROFR Applies	
M00874 A	LSE TYPE: COMPTON FE TWP 20 RGE 29 W4M L S DS 2, 3, LSE DATE: 1998 Mar 27 5, 6, 7, 8 OF 1 EFF DATE: 1998 Mar 27 (AS TO AN UND 9.375% NT) EXP DATE: NIL MNRL INT: 9.375 GROSS ACRES: 22.500 NET ACRES: 22.500 COUNT ACREAGE: Y		CUR INT: WI MFC RESOUR 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% POBY MFC RESOUR 100.0%	ROYALTY LINKS C02881 AA General 0000 No ROFR Applies	
M00135 A	LSE TYPE: COMPTON FE TWP 20 RGE 29 W4M L S DS 6 OF 27 LSE DATE: 1997 Apr 01 (UNDIVIDED 3/4 INTEREST) EFF DATE: 1997 Apr 01 ALL PNG EXP DATE: NIL MNRL INT: 75.0 GROSS ACRES: 30.000 NET ACRES: 30.000 COUNT ACREAGE: Y		CUR INT: WI MFC RESOUR 100.0%	NONCONV GOR ALL 12.5% BASED ON 100.0% POBY MFC RESOUR 100.0%	ROYALTY LINKS C02881 AA General 0000 No ROFR Applies	

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Report Id: RP-0003

File Number	Title Information	Land	Seller's Information	Encumbrances	Operating Contract	Wells
M03529 A	LSE TYPE: COMPTON FF TWP 21 RGE 28 W4M S & NE 23. LSE DATE: 2002 Mar 01 PTN NW 23 EFF DATE: 2002 Mar 01 (UNDIVIDED 1/20 INTEREST) EXP DATE: NIL MNRL INT: 5.0 GROSS ACRES: 31.850 NET ACRES: 31.850 COUNT ACREAGE: Y		CUR INT: WI MFC RESOUR 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% PDBY MFC RESOUR 100.0% No ROFR Applies	ROYALTY LINKS C02881 A General 0000 No ROFR Applies	
M03530 A	LSE TYPE: COMPTON FF TWP 21 RGE 28 W4M S & NE 23. LSE DATE: 2002 Mar 01 PTN NW 23 EFF DATE: 2002 Mar 01 (UNDIVIDED 1/20 INTEREST) EXP DATE: NIL MNRL INT: 5.0 GROSS ACRES: 31.850 NET ACRES: 31.850 COUNT ACREAGE: Y		CUR INT: WI MFC RESOUR 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% PDBY MFC RESOUR 100.0% No ROFR Applies	ROYALTY LINKS C02881 A General 0000 No ROFR Applies	
M03537 A	LSE TYPE: COMPTON FF TWP 21 RGE 28 W4M SW 25, PTN LSE DATE: 2002 Mar 01 N 25, PTN SE 25 EFF DATE: 2002 Mar 01 (UNDIVIDED 1/20 INTEREST) EXP DATE: NIL MNRL INT: 5.0 GROSS ACRES: 24.813 NET ACRES: 24.813 COUNT ACREAGE: Y		CUR INT: WI MFC RESOUR 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% PDBY MFC RESOUR 100.0% No ROFR Applies	ROYALTY LINKS C02881 A General 0000 No ROFR Applies	
M03538 A	LSE TYPE: COMPTON FF TWP 21 RGE 28 W4M SW25, PTN N LSE DATE: 2002 Mar 01 25, PTN SE 25 EFF DATE: 2002 Mar 01 (UNDIVIDED 1/20 INTEREST) EXP DATE: NIL MNRL INT: 5.0 GROSS ACRES: 24.813 NET ACRES: 24.813 COUNT ACREAGE: Y		CUR INT: WI MFC RESOUR 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% PDBY MFC RESOUR 100.0% No ROFR Applies	ROYALTY LINKS C02881 A General 0000 No ROFR Applies	

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File Number	Title Information	Locals	Seller's Interests	Encumbrances	Operating Contract	Wells
M00149 A	LSE TYPE COMPTON FE TWP 22 RGE 28 W 44 PT N N 7 LSE DATE: 1997 Apr 01 ALL M&M EFF DATE: 1997 Apr 01 EXP DATE: NIL M&M INT 100.0 GROSS ACRES: 200.970 NET ACRES: 200.970 COUNT ACRES: Y		CUR INT WI MFC RESOUR 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% POBY MFC RESOUR 100.0% No ROFR Applies	ROYALTY LINKS C02881 AA General 0000 No ROFR Applies	
M00885 A	LSE TYPE COMPTON FE TWP 22 RGE 28 W 44 PT N N 7. LSE DATE: 2002 Dec 27 PTN SW 7, PTN LSD 7, 8 OF 7 EFF DATE: 2002 Dec 27 ALL M&M EXCL COAL EXP DATE: NIL M&M INT 100.0 GROSS ACRES: 282.170 NET ACRES: 282.170 COUNT ACRES: Y		CUR INT WI MFC RESOUR 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% POBY MFC RESOUR 100.0% No ROFR Applies	ROYALTY LINKS C02881 A General 0000 No ROFR Applies	
M07848 A	LSE TYPE COMPTON FE TWP 22 RGE 28 W 44 PTN SW 7. LSE DATE: 2007 May 01 LSD 1, 2 OF 7 EFF DATE: 2007 May 01 ALL M&M EXCL COAL EXP DATE: NIL M&M INT 100.0 GROSS ACRES: 81.000 NET ACRES: 81.000 COUNT ACRES: Y		CUR INT WI MFC RESOUR 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% POBY MFC RESOUR 100.0% No ROFR Applies	ROYALTY LINKS C02881 A General 0000 No ROFR Applies	
M00157 A	LSE TYPE COMPTON FE TWP 22 RGE 28 W 44 PT N 7 LSE DATE: 1997 Apr 01 ALL M&M EXCL ALL NG EFF DATE: 1997 Apr 01 EXP DATE: NIL M&M INT 100.0 GROSS ACRES: 640.000 NET ACRES: 640.000		CUR INT WI MFC RESOUR 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% POBY MFC RESOUR 100.0% No ROFR Applies	ROYALTY LINKS C02881 AA General 0000 No ROFR Applies	

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File Number	Title Information	Location	Surface Information	Encumbrances	Operating Contract	Notes
COUNTACREAGE, Y						
M00132 B	LSE TYPE: COMPTON FE TWP 22 RGE 28 W4M S 18 LSE DATE: 1997 Apr 01 ALL M&M EXCL ALL NG EFF DATE: 1997 Apr 01 EXP DATE: NIL M&M INT: 100.0 GROSS ACRES: 320.000 NET ACRES: 320.000 COUNTACREAGE, Y		CUR INT: WI MFC RESOUR 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% POBY MFC RESOUR 100.0% General 0000 No ROFR Applies	ROYALTY LINKS C02881 AA General 0000 No ROFR Applies	
M00155 A	LSE TYPE: COMPTON FE TWP 22 RGE 28 W4M N 30 LSE DATE: 1997 Apr 01 ALL M&M EXCLUDING ALL NG EFF DATE: 1997 Apr 01 EXP DATE: NIL M&M INT: 100.0 GROSS ACRES: 320.000 NET ACRES: 320.000 COUNTACREAGE, Y		CUR INT: WI MFC RESOUR 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% POBY MFC RESOUR 100.0% General 0000 No ROFR Applies	ROYALTY LINKS C02881 AA General 0000 No ROFR Applies	
M00154 A	LSE TYPE: COMPTON FE TWP 22 RGE 28 W4M N 31 LSE DATE: 1997 Apr 01 ALL M&M EXCLUDING ALL NG EFF DATE: 1997 Apr 01 EXP DATE: NIL M&M INT: 100.0 GROSS ACRES: 637.000 NET ACRES: 637.000 COUNTACREAGE, Y		CUR INT: WI MFC RESOUR 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% POBY MFC RESOUR 100.0% General 0000 No ROFR Applies	ROYALTY LINKS C02881 AA General 0000 No ROFR Applies	
M00153 A	LSE TYPE: COMPTON FE TWP 22 RGE 28 W4M PTN N 11 LSE DATE: 1997 Apr 01 PTN SW 11 EFF DATE: 1997 Apr 01 ALL M&M EXP DATE: NIL M&M INT: 100.0 GROSS ACRES: 302.500		CUR INT: WI MFC RESOUR 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% POBY MFC RESOUR 100.0% General 0000 No ROFR Applies	ROYALTY LINKS C02881 AA General 0000 No ROFR Applies	

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Report ID: RP-0063

File Number	Title Information	Leads	Owner's Interests	Encumbrances	Operating Contract	Wells
M00152 A	NET ACRES: 302.500 COUNT ACRES: Y LSE TYPE: COMPTON FE TWP 22 RGE 28 W 4M 23 LSE DATE: 1997 Apr 01 ALL M&M EFF DATE: 1997 Apr 01 EXP DATE: NIL M&M INT: 100.0 GROSS ACRES: 640.000 NET ACRES: 640.000 COUNT ACRES: Y		CUR INT: WI MFC RESOUR 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% POBY MFC RESOUR 100.0% No ROFR Applies	ROYALTY LINKS CO2881 AA General 0000 No ROFR Applies	
M00151 A	LSE TYPE: COMPTON FE TWP 22 RGE 28 W 4M 25 LSE DATE: 1997 Apr 01 ALL M&M EFF DATE: 1997 Apr 01 EXP DATE: NIL M&M INT: 100.0 GROSS ACRES: 640.000 NET ACRES: 640.000 COUNT ACRES: Y		CUR INT: WI MFC RESOUR 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% POBY MFC RESOUR 100.0% No ROFR Applies	ROYALTY LINKS CO2881 AA General 0000 No ROFR Applies	
M00150 A	LSE TYPE: COMPTON FE TWP 22 RGE 28 W 4M 3B LSE DATE: 1997 Apr 01 ALL M&M EFF DATE: 1997 Apr 01 EXP DATE: NIL M&M INT: 100.0 GROSS ACRES: 638.820 NET ACRES: 638.820 COUNT ACRES: Y		CUR INT: WI MFC RESOUR 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% POBY MFC RESOUR 100.0% No ROFR Applies	ROYALTY LINKS CO2881 AA General 0000 No ROFR Applies	
M00197 A	LSE TYPE: COMPTON FE TWP 23 RGE 27 W 4M 8 LSE DATE: 2002 Apr 22 ALL M&M EXCL NG EFF DATE: 2002 Apr 22 EXP DATE: NIL M&M INT: 100.0		CUR INT: WI MFC RESOUR 100.0%	NONCONV GOR ALL 12.0% BASED ON 48.4025% POBY MFC RESOUR 100.0% OPER. MFC RESOUR	CUR INT OPER CONT CO0100-1 0 General 0000 ROFR Not Applicable OPER. MFC RESOUR	

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File Number	Title Informal Block	Latitude	State's Interests	Encumbrances	Operating Contract	Yields
M08185 A	GROSS ACRES 840.000			NONCONV HGORR		
	NET ACRES 840.000			ALL 5.0%	ROYALTY LINKS	
	COUNT ACREAGE, Y			BASED ON 100.0%	C00100-1 D	
				PDBY MFC RESOUR 100.0%	General 0000	
					ROFR Not Applicable	
M02842 A				NONCONV HGORR		
				ALL 12.5%	ROYALTY LINKS	
				BASED ON 100.0%	C02881 A	
				PDBY MFC RESOUR 100.0%	General 0000	
					No ROFR Applies	
M02841 A				NONCONV HGORR		
				ALL 5.0%	ROYALTY LINKS	
				BASED ON 100.0%	C02881 A	
				PDBY MFC RESOUR 100.0%	General 0000	
					No ROFR Applies	



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Report ID: RP-0053

File Number	Title Information	Locals	Seller's Interest	Encumbrances	Operating Contract	Wells
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COUNTACREAGE: Y

M03789 A LSE TYPE: COMPTON FE TWP 14 RGE 2 WSM E 21
 LSE DATE: 2002 Nov 19 ALL M&M
 EFF DATE: 2002 Nov 19 EXCL COAL
 EXP DATE: NIL
 M&M INT: 100.0
 GROSS ACRES: 320.000
 NET ACRES: 320.000
 COUNTACREAGE: Y

NONCONV HGORR
 ALL 5.0%
 BASED ON 100.0%
 PDBY MFC RESOUR 100.0%
 ROYALTY LINKS
 C02881 A
 General 0000
 No ROFR Applies

M01444 A LSE TYPE: COMPTON FE TWP 18 RGE 2 WSM S & NW 26
 LSE DATE: 2000 Jun 08 (UND 48 2/3 INT)
 EFF DATE: 2000 Jun 08 ALL M&M
 EXP DATE: NIL
 M&M INT: 48.86
 GROSS ACRES: 223.870
 NET ACRES: 223.870
 COUNTACREAGE: Y

NONCONV HGORR
 ALL 5.0%
 BASED ON 100.0%
 PDBY MFC RESOUR 100.0%
 ROYALTY LINKS
 C02881 A
 General 0000
 No ROFR Applies

M00780 A LSE TYPE: COMPTON FE TWP 19 RGE 1 WSM SE 25
 LSE DATE: 1987 Apr 01 (UND 1/3 INT)
 EFF DATE: 1987 Apr 01 ALL M&M
 EXP DATE: NIL
 M&M INT: 33.333
 GROSS ACRES: 53.330
 NET ACRES: 53.330
 COUNTACREAGE: Y

NONCONV HGORR
 ALL 5.0%
 BASED ON 100.0%
 PDBY MFC RESOUR 100.0%
 ROYALTY LINKS
 C02881 AA
 General 0000
 No ROFR Applies

M03689 A LSE TYPE: COMPTON FE TWP 19 RGE 1 WSM SE 25
 LSE DATE: 2002 Sep 26 (UNDIVIDED 1/3 INTEREST)
 EFF DATE: 2002 Sep 26 ALL M&M
 EXP DATE: NIL
 M&M INT: 33.333
 GROSS ACRES: 53.330

NONCONV HGORR
 ALL 5.0%
 BASED ON 100.0%
 PDBY MFC RESOUR 100.0%
 ROYALTY LINKS
 C02881 A
 General 0000
 No ROFR Applies

MFC Resource Partnership
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Report Id: RP-0063

File Number	Title Information	Leads	Seller's Interest	Encumbrances	Operating Contract	Wells
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NET ACRES: 53.330
COUNT ACREAGE: Y

M01014 A LSE TYPE: COMPTON FE TWP 19 RGE 1 W5M LSD 3.4 OF 25
LSE DATE: 1997 Nov 01 ALL PNG
EFF DATE: 1997 Nov 01
EXP DATE: NIL
MURL INT: 100.0
GROSS ACRES: 80.000
NET ACRES: 80.000
COUNT ACREAGE: Y

NONCONV GRT
ALL 12.5%
BASED ON 100.0%
PDBY MFC RESOUR 100.0%
General 0000
No ROFR Applies

NONCONV HGORR
ALL 5.0%
BASED ON 100.0%
PDBY MFC RESOUR 100.0%

ROYALTY LINKS
C02881 AA
General 0000
No ROFR Applies

M01502 A LSE TYPE: COMPTON FE TWP 20 RGE 1 W5M P1N NE 13
LSE DATE: 2003 May 01 ALL M&M EXCL COAL
EFF DATE: 2003 May 01
EXP DATE: NIL
MURL INT: 100.0
GROSS ACRES: 1.000
NET ACRES: 1.000
COUNT ACREAGE: Y

NONCONV HGORR
ALL 5.0%
BASED ON 100.0%
PDBY MFC RESOUR 100.0%
General 0000
No ROFR Applies

ROYALTY LINKS
C02881 A
General 0000
No ROFR Applies

M06180 A LSE TYPE: COMPTON FE TWP 20 RGE 1 W5M P1N NW 13
LSE DATE: 2003 May 01 ALL M&M EXCL COAL
EFF DATE: 2003 May 01
EXP DATE: NIL
MURL INT: 100.0
GROSS ACRES: 1.000
NET ACRES: 1.000
COUNT ACREAGE: Y

NONCONV HGORR
ALL 5.0%
BASED ON 100.0%
PDBY MFC RESOUR 100.0%
General 0000
No ROFR Applies

ROYALTY LINKS
C02881 A
General 0000
No ROFR Applies

M07232 A LSE TYPE: COMPTON FE TWP 20 RGE 2 W5M NE 9
LSE DATE: 2006 Sep 13 (UNDIVIDED 1/2 INTEREST)
EFF DATE: 2006 Sep 13 ALL PNG
EXP DATE: NIL

NONCONV HGORR
ALL 5.0%
BASED ON 100.0%
PDBY MFC RESOUR 100.0%
General 0000

ROYALTY LINKS
C02881 A
General 0000

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MFC Resource Partnership
Mineral Schedule "A" Report - MFCRP FH Minerals Rev

File Number	Title Information	Land	Owner's Interest	Encumbrances	Operating Cost Inct	Wells
	MNRL INT: 50.0 GROSS ACRES: 80.000 NET ACRES: 80.000 COUNTACREAGE: Y					No ROFR Applies
M07230 A	LSE TYPE: COMPTON FE TWP 20 RGE 2 W5M PTN SE 17 LSE DATE: 2008 Sep 13 ALL M&M EFF DATE: 2008 Sep 13 EXCL COAL EXP DATE: NIL MNRL INT: 100.0 GROSS ACRES: 81.380 NET ACRES: 81.380 COUNTACREAGE: Y		CUR INT: WI MFC RESOUR: 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% POBY MFC RESOUR: 100.0% General: 0000 No ROFR Applies	ROYALTY LINKS C02881 A General: 0000 No ROFR Applies	
M07231 A	LSE TYPE: COMPTON FE TWP 20 RGE 2 W5M NW & SE 17 LSE DATE: 2008 Sep 13 ALL COAL EFF DATE: 2008 Sep 13 EXP DATE: NIL MNRL INT: 100.0 GROSS ACRES: 320.000 NET ACRES: 320.000 COUNTACREAGE: Y		CUR INT: WI MFC RESOUR: 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% POBY MFC RESOUR: 100.0% General: 0000 No ROFR Applies	ROYALTY LINKS C02881 A General: 0000 No ROFR Applies	
M07232 A	LSE TYPE: COMPTON FE TWP 20 RGE 2 W5M N 17 LSE DATE: 2008 Sep 13 (UNDIVIDED 1/2 INTEREST) EFF DATE: 2008 Sep 13 ALL PNG EXP DATE: NIL MNRL INT: 50.0 GROSS ACRES: 160.000 NET ACRES: 160.000 COUNTACREAGE: Y		CUR INT: WI MFC RESOUR: 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0% POBY MFC RESOUR: 100.0% General: 0000 No ROFR Applies	ROYALTY LINKS C02881 A General: 0000 No ROFR Applies	
M07234 A	LSE TYPE: COMPTON FE TWP 20 RGE 2 W5M E 19 LSE DATE: 2008 Sep 13 (UNDIVIDED 1/2 INTEREST) EFF DATE: 2008 Sep 13 ALL PNG		CUR INT: WI MFC RESOUR: 100.0%	NONCONV HGORR ALL 5.0% BASED ON 100.0%	ROYALTY LINKS C02881 A	

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Report Id: RP-0053

File Number	Title Information	Leads	Seller's Interest	Encumbrances	Operating Contract	Wells
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EXP DATE: NIL
ANRL INT: 50.0
GROSS ACRES: 160.000
NET ACRES: 160.000
COUNT ACREAGE: Y

POBY MFC RESOUR 100.0% General 0000

No ROFR Applies

Schedule C
ELP Equipment

APPENDIX 31



September 12, 2017

BY E-MAIL

mbuttery@casselsbrock.com

tel 804 691 6118

file # 50603-1

Borden Ladner Gervais LLP
Centennial Place, East Tower
1900, 520 – 3rd Avenue SW
Calgary, AB T2P 0R3

Attention: Jessica L. Cameron

Dear Ms. Cameron:

**Re: In the Matter of the Receivership of Lexin Resources Ltd., 1051393 B.C. Ltd.,
0989 Resource Partnership, LR Processing Ltd and LR Processing Partnership
Alberta Court of Queen's Bench Action No. 1701-03460**

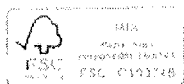
Reference is made to your letter dated August 16, 2017, enclosing a previous letter to our client, Energy Leasing Partners Ltd. ("ELP"). We have now had an opportunity to review your correspondence with our client and are waiting to obtain the information requested therein.

In the interim, I can advise that 1032039 B.C. Ltd, renamed to MFCE Resources Ltd. ("MFCE"), and now Jixin Energy Inc. ("Jixin"), purchased certain wells, mineral rights, equipment and intangibles from Lexin Resources Ltd. in March 2015. In November 2015 ELP entered into a transaction with MFCE (now Jixin) which involved a sale and lease back of certain equipment, a list of which is attached hereto as Schedule A

It is our understanding that some of the equipment is located at the Cowley facility as well as the following wells:

10-32-060-26w5	09-23-049-17w5
06-29-046-16w5	04 29-019-26w4
13-29-017-25w4	16 24-018-01w5
10-29-019-27w4	05-29-019-27w4
13-34-017-25w4	16-34-017-25w4
16-28-017-25w4	

Given that neither Jixin nor these wells are subject to the receivership order, the equipment listed on Schedule A should not be included in the sales process, and we ask that the Receiver ensure that it is not selling equipment it is not entitled to sell





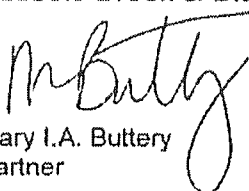
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We expect to be able to respond shortly with the information requested in your August correspondence. In the interim, if you have any questions, please don't hesitate to contact me.

Lastly, please add us to the service list for these proceedings.

Yours truly,

Cassels Brock & Blackwell LLP


Mary I.A. BATTERY
Partner

MB/sd

Schedule A – Compressors and Pressure Vessels

[illegible]

09/2011 Y6-30 Comparison

2000-2001

..... *Journal of the American Statistical Association* 93: 2 1998

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APPENDIX 31

Schedule A - COMPRESSORS AND PRESSURE VESSELS (PART 2)

LOCATION	TAG #	REGULATORY ID	VESSEL TYPE	NAME	S/N	CRN	MANUFACTURER
BRANT							
100/04-34-018-25W4M		A0555561	Separator	Vertical Separator	08-2325	P6071.211	Petrofield
100/05-23-018-25W4M		A0555562	Separator	Separator	CG-2117	P6431.213	Petrofield
100/15-34-018-27W4M	CPC163		Filter Unit	Fuel Gas Filter	17K170817	H9603.18 H4402.2	Energy Industries Inc.
100/15-34-018-27W4M		A0491601	Accumulator	Blowdown	5198-54	A1260.1	Energy Industries Inc.
100/15-34-018-27W4M		A0478534	Separator	Inlet Separator	5178-53	P9768.1	Energy Industries Inc.
100/15-34-018-27W4M		A0478600	Scrubber	Suction Scrubber	5108-58	R1245.1	Energy Industries Inc.
100/15-34-018-27W4M		A0491601	Separator	Oil Separator	5158-52	P9768.1	Energy Industries Inc.
100/15-34-018-27W4M	CPC0178		Cooler	Cooler	8087.4	P8794.21	Hempfield
100/15-34-018-27W4M		A0478504	Filter Unit	Oil Filter	081588	P7800.1	Energy Industries Inc.
100/15-34-018-27W4M			Exchanger	Plate Exchanger	P021115.101	P6896.1	API Schmidt
100/16-30-018-26W4M			Filter Unit	Tube Oil Filter	SPV06204	A0917.23	Starter Refrigeration
100/16-30-018-26W4M	CPC1421		Filter Unit	Lube Oil Filter	SPV06208	A0917.23	Starter Refrigeration
100/16-30-018-26W4M		A0560933	Exchanger	Plate Exchanger	171138.11	R5688.213	Viox Inc.
100/16-30-018-26W4M	CPC1413		Reboiler	Glycol Reboiler	2006-7637-01A		Alco Oil and Gas
100/16-30-018-26W4M	CPC1418		Scrubber	Fuel Gas Scrubber	SPV0610A	DE402.131	Starter Refrigeration
100/16-30-018-26W4M	CPC1413		Scrubber	Inlet Suction Scrubber	SPV0611	17116.1	Starter Refrigeration
100/16-30-018-26W4M		A0554911	Reboiler	Glycol Reboiler	2006-7637-01A		Alco Oil and Gas
100/16-30-018-26W4M		A0554312	Separator	Lube Oil Separator	SPV0614	P1051.1	Starter Refrigeration
100/16-30-018-26W4M			Cooler	Oil Changer Cooler	65824.1	17034.1	Air X-Change
100/16-30-018-26W4M	CPC0107		Filter Unit	Inlet Suction Filter	SPV0422	17118.1	Starter Refrigeration
100/16-30-018-26W4M			Scrubber	Fuel Gas Scrubber	01.134101	18912.2	Urban Industries Ltd.
100/16-30-018-26W4M		A0560189	Connector	Glycol Connector	2006-7637-01A	17522.2	Nico Gas and Oil
100/16-30-018-26W4M		A0562109	Filter Unit	Inlet Sales Gas Filter	1834.2	R3927.21	Most Fabrication
100/16-30-018-26W4M		A0560189	Scrubber	Fuel Gas Scrubber	2006-7642-01B	R2294.213	Alco Gas & Oil Production Equipment Ltd.
100/16-10-018-26W4M		A0415691	Separator	Inlet Separator	4978	H7794.2	Urban Industries
100/16-30-018-26W4M		A0454714	Separator	Separator	PE-5123	H4300.211	Penlabco
100/16-30-018-26W4M	CPC1413 COIL		Reboiler	Reboiler Coil			Alco Oil and Gas
100/07-35-018-23W4M		A0549121	Separator	Separator	25887	P7298.21	Parco Oil & Gas
100/09-17-019-17W4M			Scrubber	Fuel Gas Scrubber	C1071A F81478	P8705.128	Rushion
100/09-17-019-17W4M		A0479086	Tower	09-17 Gels Tower Due 2008	C1411A C	18949.2	Rushion Gas & Oil Equipment Ltd.
100/09-17-019-17W4M		A0562170	Filter Unit	Sales Gas Inlet Filter	1834.1	R1927.21	Most Fabrication
100/09-17-019-17W4M	CPC1290	A0566993	Air Receiver	Air Receiver	484281	C7718.10	Steel Fab
100/09-17-019-17W4M			Dryer	Air Dryer	1185	085434.2	Aletec
100/09-17-019-17W4M			Dryer	Air Dryer	1196	085434.2	Aletec
100/09-17-019-17W4M		A0563733	Scrubber	Inlet Suction Scrubber	521651	R6525.2	Energy Industries Inc.
100/09-17-019-17W4M		A0563735	Separator	Inlet Separator	521653	R8490.2	Energy Industries Inc.
100/09-17-019-17W4M		A0517031	Separator	HORIZONTAL SEPARATION	V-7769	R7143.2	Palmerfield Energy
100/09-17-019-17W4M		A0423861	Cooler	Fin Fan Cooler	2003C-1502 A	P9390.23	American Manufacturing INC
100/09-17-019-17W4M		A0482764	Separator	Inlet Separator	100851	P9766.2	Energy Industries Inc.
100/09-17-019-17W4M		A0462170	Exchanger	1st Stage Suction	100851	P9552.2	Energy Industries Inc.
100/09-17-019-17W4M		A0482727	Accumulator	1st Stage Pulsation Bottle	1008P1	P9455.2	Energy Industries Inc.
100/09-17-019-17W4M		A0482727	Exchanger	1st Stage Discharge	1008P2	P9706.2	Energy Industries Inc.
100/09-17-019-17W4M		A0482727	Scrubber	2nd Stage Suction Scrubber	1008P4	P9551.7	Energy Industries Inc.
100/09-17-019-17W4M		A0482727	Accumulator	2nd Stage Pulsation Bottle	1008P3	P9554.2	Energy Industries Inc.
100/09-17-019-17W4M	CPC2036	A0482727	Accumulator	Blowdown	1008P1	P9807.1	Energy Industries Inc.
100/09-17-019-17W4M			Filter Unit	Fuel Filter	51K169181	P9807.1	Energy Industries Inc.
100/09-17-019-17W4M		A0505731	Filter Unit	Oil Filter	52160P1	16111.213	Energy Industries Inc.
100/09-17-019-17W4M		A0505732	Filter Unit	Oil Filter	52160P2	16111.21	Energy Industries Inc.
100/09-17-019-17W4M		A0505734	Separator	Oil Separator	521602	19871.2	Energy Industries Inc.
100/09-17-019-17W4M		A0507171	Exchanger	Plate Exchanger	270132.11	R5688.12	Viox Inc.
100/09-17-019-17W4M		A0507172	Cooler	Fin Fan Cooler	8441.4	A4917.1	Hempfield Corporation
100/09-17-019-17W4M		A0413859	Cooler	Fin Fan Cooler	2003C-1504 A	P9589.231	American Manufacturing INC
100/09-17-019-17W4M		A0413860	Cooler	Fin Fan Cooler	2003C-1503 A	P1531.231	American Manufacturing INC
100/09-17-019-17W4M		A0482175	Exchanger	2nd Stage Discharge	1008P4	P9707.2	Energy Industries Inc.
100/09-17-019-17W4M	CPC2104		Filter Unit	Fuel Gas Filter	521654	H9603.18 H4402.2	Energy Industries Inc.
100/09-17-019-17W4M			Scrubber	FGS	FG-8143-001	M1156.213	Palmerfield Energy
100/16-05-018-25W4M			Exchanger	Plate Exchanger	271025.12	R5688.213	Viox
100/16-05-018-25W4M		A0560914	Separator	Lube Oil Separator	C760058A-1	14589.231	Henry
100/16-05-018-25W4M		A0560913	Scrubber	Inlet Suction Scrubber	C250778A-1	14559.231	Henry
100/16-05-018-25W4M	CPC4604		Scrubber	Fuel Gas Scrubber	FG 6144-001	M1156.213	Palmerfield Energy
100/16-05-018-25W4M	CPC4608		Scrubber	Fuel Gas Scrubber	2631A	P8556.213	ESL Corp.
100/16-05-018-25W4M		A0577053	Separator	Inlet Separator	V-7770	R7143.2	Palmerfield Energy
100/16-05-018-25W4M	CPC4610		Filter Unit	Lube Oil Filter	Q19111.1A	R9886.213	Toromont
100/16-05-018-25W4M		A0494481	Cooler	Discharge Cooler	8994.4	R0730.2	Hempfield
100/12-04-018-26W4M			Scrubber	Fuel Gas Scrubber	51K15617	H4402.23	Toromont Energy Systems Inc.
100/12-04-018-26W4M		A0462888	Accumulator	Blowdown	521554	R1260.2	Energy Inc.
100/12-04-018-26W4M		A0499183	Separator	Oil Filter Separator	08508CA	16313.21	Energy Industries Inc.
100/12-04-018-26W4M		A0499183	Separator	Oil Filter Separator	08508CB	16313.21	Energy Industries Inc.
100/12-04-018-26W4M		A0499185	Separator	Oil Separator	521552	19871.2	Energy Industries Inc.
100/12-04-018-26W4M			Exchanger	Plate Exchanger	M1011021.101	P8896.2	Ad Heat Transfer
100/12-04-018-26W4M		A0499143	Scrubber	Suction Scrubbers	521553	R4511.2	Energy Inc.
100/12-04-018-26W4M		A0460897	Separator	Inlet Separator	521553	R4511.2	Energy Inc.
100/01-15-018-26W4M		A0470477	Separator	Separator	113130	14566.2	Procom
100/01-15-018-26W4M		A0489270	Separator	Separator	215066	14566.23	Procom

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100/13-14-008-02W5M		A0545197	Accumulator	1st Stage Discharge Bottle	051152-04	TS016.2	EF&C Corporation
100/06-13-009-02W5M		A0541342	Separator	Separator	PC9155	P5431.213	Panfeco
100/06-13-009-02W5M	CPC4543		Scrubber	Fuel Gas Scrubber	1006-272	081154-2145	Lo Tech
100/09-20-007-01W5M	CPC4331		Scrubber	Fuel Gas Scrubber	1006-266	081154-2145	Lo Tech
100/02-14-012-02W5M		A0501021	Separator	Separator	PC9603	P5433.213	Panfeco
100/02-14-012-02W5M	CPC1609		Air Receiver	Air Receiver	239341	C6406.1C	Steel Fab
100/02-14-012-02W5M	CPC1693		Air Receiver	Air Dryer	2F-41658	10539.234	Steel Fab
100/02-24-012-02W5M		A3061079	Accumulator	Recycle Discharge Bottle	94247-0C1	A47894.2	Propak
100/02-24-012-02W5M		A3061806	Accumulator	Recycle Discharge Bottle	94247-0C2	A47894.2	Propak Systems Inc
100/02-24-012-02W5M	CPC1703		Cooler	Recycle Gas Cooler - Tube	95C429-AC	A18016.2	Amercool Mfg
100/02-24-012-02W5M		A3061437	Scrubber	Recycle Suction Scrubber	94247-0A	A47893.1	Propak Systems Inc.
100/02-24-012-02W5M		A3760768	Boiler	HGL Boiler	177933-01-1	A1015.2	Riley Ruled
100/02-24-012-02W5M	CPC1728		Filter Unit	Carbon Filter	00432-112	P0718.13	Propak Systems Inc
100/02-24-012-02W5M	CPC1736		Exchanger	02-24 Gas-liquid G/N Heater	00432-106	N/A	Propak Systems Inc
100/02-24-012-02W5M		A0440347	Cooler	Cooler - Tube	00432-201	L1973.2	Propak Systems Inc
100/02-24-012-02W5M		A0440319	Exchanger	Gas/Gas Exchanger - Barrel	00432-101	P0563.2	Propak Systems Inc.
100/02-24-012-02W5M		A0443181	Cooler	Cooler	56029.3	R1346.2	AXM Air-Coolers
100/02-24-012-02W5M		A0917152	Scrubber	1st Stage Suction Scrubber	3123151	RS119-1/RS12461	Townmont Energy Systems Inc.
100/02-24-012-02W5M		A0217453	Scrubber	2nd Stage Suction Scrubber	3123151	RS121-1/RS12651	Townmont Energy Systems Inc
100/02-24-012-02W5M		A0548543	Accumulator	1st Stage Suction Bottle	3123214	15416.2	Townmont Energy Systems Inc
100/02-24-012-02W5M		A0548543	Accumulator	1st Stage Discharge Bottle	3123214	15416.2	Townmont Energy Systems Inc
100/02-24-012-02W5M		A0443483	Cooler	Cooler	56029.5	R1506.21	AXM Air-Coolers
100/02-24-012-02W5M		A0443482	Cooler	Cooler	56029.4	R1346.2	AXM Air-Coolers
100/02-24-012-02W5M		A0517454	Scrubber	3rd Stage Suction Scrubber	3123151	RS123.1	Townmont Energy Services
100/02-24-012-02W5M	CPC1691		Air Receiver	Air Dryer	2F-35157	10539.234	Steel Fab
100/02-24-012-02W5M	CPC1701		Accumulator	Recycle Suction Bottle	94247-0B3	A47895.2	Propak Systems Inc
100/02-24-012-02W5M	CPC1702		Accumulator	Recycle Suction Bottle	94247-0B1	A47895.2	Propak Systems Inc
100/02-24-012-02W5M		A0464591	Filter Unit	Islet Filter	1580	L8798.1	Grand Valley
100/02-24-012-02W5M		A7460366	Separator	Separator	00104-201	P1176.2	Propak Systems Inc
100/02-24-012-02W5M		A0464594	Filter Unit	Inlet Filter	1580	L8798.2	Grand Valley
100/02-24-012-02W5M		A0460359	Scrubber	Fuel Gas Scrubber	00204-210	P1563.2	Propak Systems Inc
100/02-24-012-02W5M		A0460357	Exchanger	Gas Cooler - Exchanger	00432-102	P1150.2	Propak Systems Inc.
100/02-24-012-02W5M	CPC1712		Separator	Suction Scrubber	00432-116	P0488.2	Propak Systems Inc
100/02-24-012-02W5M	CPC1714		Rectifier	Oil Rectifier	00432-121	P1141.2	Propak
100/02-24-012-02W5M	V G20	A0460308	Separator	Low Temperature Separator	00432-103	P0546.2	Propak Systems Inc
100/02-24-012-02W5M	CPC1722		Exchanger	Feed Bottom Exchanger	00432-120	P0897.2	Propak Systems Inc.
100/02-24-012-02W5M		A0460307	Exchanger	Gas/Liquid Exchanger	00432-104	P0897.2	Propak Systems Inc.
100/02-24-012-02W5M		A0460344	Tower	Gas-Liquid Tower	00432-111	A0500.1	Propak Systems Inc.
100/02-24-012-02W5M		A0460310	Accumulator	Refrigerant Accumulator	00432-107	P0486.2	Propak Systems Inc.
100/02-24-012-02W5M	CPC1731		Filter Unit	Ultra Oil Filter	00432-115	P0508.2	Propak Systems Inc
100/02-24-012-02W5M		A0460345	Accumulator	Glycol Flash Tank	00432-117	P0471.2	Propak Systems Inc
100/02-24-012-02W5M		A0460331	Separator	Refrigerant Oil Separator	00432-109	P0545.2	Propak Systems Inc
100/02-24-012-02W5M		A0460346	Exchanger	Refrigerant Condenser	00432-200	L4972.1	Propak Systems Inc.
100/02-24-012-02W5M		A0460316	Exchanger	Refrigerant Tube	00432-108	P0407.2	Propak Systems Inc
100/02-24-012-02W5M		A0460313	Filter Unit	Discharge Filter Cooler	00204-301	P1315.2	Propak Systems Inc.
100/02-24-012-02W5M		A0460317	Exchanger	Gas Cooler - Exchanger	00432-102	P1150.2	Propak Systems Inc
100/02-25-012-02W5M		A0493350	Separator	Separator	04-094-15	19910.1	Chubb Industries LTD
100/10-13-012-02W5M		A0555187	Separator	Group Test Separator	C6-2198	A1002.1	Petro Field
100/10-13-012-02W5M	CPC3175		Scrubber	Fuel Gas Scrubber	C6-2725	P1191.213	Petro Field
100/04-16-007-01W5M		A0501715	Separator	Vertical Separator	03-C65861-0011	AS692.213	HAHOVER MAGNETIC
100/04-16-007-01W5M	CPC0744		Scrubber	FGS	07-3521-02	11665.2134	MATIS HALL
100/10-17-007-01W5M		A0414670	Separator	Separator	P66203	L7780.2	Predacon
100/11-01-008-02W5M		A0537954	Separator	Separator	1756-07	P0494.213	Predacon
100/11-01-008-02W5M	CPC4939		Scrubber	Fuel Gas Scrubber	1774-25	081101.213	Plasma Oil
100/10-05-007-01W5M		A3013036	Separator	Separator	40000148	A43915.1	GNP
100/10-05-007-01W5M	CPC4522		Scrubber	Fuel Gas Scrubber	40000097	M1256.2	GNP

MISCELLANEOUS WELLS

100/14-16-022-27W4M		A0541090 Rental	Scrubber	1st Stage Suction Scrubber	06-006-5620	13242.2	PBar
100/14-16-022-27W4M		A0540766 Rental	Scrubber	2nd Stage Suction Scrubber	06-006-5637	11772.2	PBar
100/14-16-022-27W4M		A0548761 Rental	Cooler	1st Stage Cooler	56087.3	R6346.213	Air-X Changers
100/14-16-022-27W4M		A0542081 Rental	Scrubber	3rd Stage Suction Scrubber	06-006-5644	11772.2	PBar
100/14-16-022-27W4M		A0548762 Rental	Cooler	2nd Stage Cooler	56057.4	108151.213	Air-X Changers
100/14-16-022-27W4M	CPC5009		Scrubber	Fuel Gas Scrubber	06-006-5737	10149.2	PBar
100/14-16-022-27W4M	CPC0866		Scrubber	Fuel Gas Scrubber	C093A-FP1014	03781.213	Houston
100/14-16-022-27W4M			Cooler	3rd Stage Cooler	14067.5	11101.213	Air-X Changers
100/14-16-022-27W4M		A0400388	Heating Coil	Line Heater - Downhole Loop	0391A-C0	A5882.2	Houston
100/14-16-022-27W4M		A0400387	Heating Coil	Line Heater - Shell	0392B-C0	P0318.2	Houston
100/10-32-010-27W4M	CPC0609		Fuel Gas Scrub	Scrubber	C0278-F0619	N0560.213	Houston
100/10-32-010-27W4M		A03321711	Line Heater - G	Exchanger	C028A-C0	A0318.2	Houston
100/10-32-010-27W4M		A03321715	Separator	Separator	C0278-05	R3358.12	Houston
100/11-19-018-19W4	EP00464		Exchanger	LINE HEATER	HC 179-4-8-3108-G	11090.2	OPSCO
100/11-19-018-19W4	EP00469		Scrubber	Fuel Gas Scrubber	HC 179-4-8-3108-G	12714.2	OPSCO
100/01-25-018-10W4M	CPC0854		Scrubber	Fuel Gas Scrubber	4009600	081157.213	Chadco
100/01-25-018-10W4M		A0499415	Scrubber	1st Stage Suction Scrubber	107751	A17158.2	Energy Indust. - 010

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100/01-25-018-30W4A3		AD499416	Scrubber	2nd Stage Separator Scrubber	107951	17918.2	Energy Industries Inc.
100/01-25-018-30W4A3		AD499425	Accelerator	Blowdown	107980	82910.2	Energy Industries
100/01-25-018-30W4A3		AD425979	Cooler	2nd Stage Cooler	01468-3	88129.2	Air Cooled Exchangers
100/01-25-018-30W4A3		AD410717	Separator	Separator	278313	89041.2	Chadco
100/01-25-018-30W4A3	CPC0459			Gas Boot	3115		Priority Projects
100/01-25-018-30W4A3	CPC0460		Drums - Flare & Flare Knockout Drum		10146		R. Pollett
100/01-25-018-30W4A3	CPC0461		Drums - Flare & Flare Knockout Drum				Tornado Flare Systems
100/01-25-018-30W4A3	CPC5299		Drums - Flare & Flare Knockout Drum		11134		Tornado Flare Systems
100/01-25-018-30W4A3	CPC0457		Filter Unit	Filter	80-4683		Rosenda Products
100/01-25-018-30W4A3	CPC0454		Scrubber	Fuel Gas Scrubber	PG9950C	OH1357 213	Chadco
15-01-016-21W4		AD497116	Separator	Vertical Separator	01439V5	PO441.213	Orban
15-01-016-21W4	PC4192		Scrubber	Fuel Gas Scrubber	011385 JC, 100	CH12112 23	HATCHMAN ORWELL
15-01-016-21W4	CPC4190		Scrubber	Fuel Gas Scrubber	03 423FG5	OG1608.5C	Orban
10-01-016-21W4		AD427336					
12-26-016-17W4	We lost the mineral rights so we are assigning the well over to Shell Coulee	AC589428	Separator	Vertical Separator			
10-21-015 17W4		AD452147	Separator	Vertical Separator	00167-18	13499.2	Petrofield
08-11-019-23W4	CPC4756		Separator	Vertical Separator	19 6-14-010-1	0159.2	Or

Schedule B Tanks

Schedule B - Tanks

Site Name	TAG #	TYPE	SN	Capacity (m ³)	BBL's	Install Date
BRANT						
100/06-18-016-27w4		Produced Water	158	15.9	100 bbl	5/1/2008
100/08-26-019-37w4M		16-30 AST - Produced Water Tank	T-1219	15.9	100 bbl	7/10/2008
100/12-04-018-26w4M		Produced Water Tank		15.9	100 bbl	5/1/2008
100/12-04-018-26w4M		Production Water Tank	152	15.9	100 bbl	7/9/2010
100/12-30-017-21w4		Produced Water	04-10-18-13593	15.9	100 bbl	5/1/2008
100/15-34-018-27w4		Produced Water		15.9	100 bbl	
100/16-05-018-35w4M		16-05 AST - Produced Water Tank	4001155	63.59	400 bbl	5/1/2008
Other MISC Wells						
100/07-29-017-23w4		Produced Water	D-98-289-S1	63.6	400 bbl	5/1/2008
COWLEY						
100/13-34-008-02w5M		Methanol		63.59	400 bbl	
100/07-09-007-01w5 (bh 04-09)		Produced Oil/Water	10025	63.59	400 bbl	May-10
100/07-09-007-01w5 (bh 04-09)	ST1204	Produced Oil/Water	4001172	58.03	365 bbl	May-10
100/07-09-007-01w5 (bh 04-09)		Pop Oil		15.89	100 bbl	
100/11-01-008-01w5M	ST1463	Produced Water Tank	0564-033	31.79	200 bbl	1-May-08
100/11-19-007-01w5M	ST1594	Produced Water Tank		7.90	50 bbl	8-Aug-09
MISCELLANEOUS WELLS						
01-25-018-30w4		Emulsion Sweet Tank	84322	63.6	400 bbl	
		High Pressure FKO Tank	K0146	7.9	50 bbl	
	ST0231	Produced Sour Water Tank #1	057	119.2	750 bbl	
	ST0230	Produced Sour Water Tank #2	065	119.2	750 bbl	
15-23-079-05w6		N/A				
10-01-016-21w4		Produced Water		63.6	400 bbl	
12-26-016-17w4		Produced Water Tank		63.6	400 bbl	
		Pop Tank		15.89	100 bbl	

Schedule C – Facility Description

Schedule C - Facility Description

Area	Facility	LSD	Component	Description
Calumet	Gas Plant	01-24-012-03W5M	Heat Separator	6' OD x 20' x/s, 4864 kPa maxwp horizontal 3 phase separator
			Refridge Skid	30 mmstd/d 5952 kPa maxwp w/
				24" OD x 50 ft deethanizer tower
				Mycom 9250 screw refrigerant compressor w/ Tecb Westinghouse 540hp motor
				Aerial AC-635 refrigerant condenser
				Knox Western TP-145 122hp deethanizer OH compressor
				30" OD x 11' 1/4 glycol regenerator
				(2) Union SX-3 5hp glycol circ pumps
				Propak JHH1 st l column OH condenser skid
			Gas compressor	530hp Waack K24GL Gemini 1A334-3 recip
			Generator	1478hp Vaux 704261 1096kW main
				60kW J40567F150 diesel black start
			Instrument Air	(2) Rotz Nova 75m3/hr screw compressors w/ SCR8 15hp motors
				30" OD x 7' 1/2 wet air receiver
			Heat Medium Skid	72" OD x 30' 1/2 782kW direct fired heater
			Water/Cond. Storage	w/ (2) Dean BA-3050 950L/min circ pumps w/ 1.1 kW motors
			LPG Storage	400 Bbl double walled tank
Coulter	Gas Plant	18-34-008-03W5M		12.5" OD x 11' 1/2 433m3 capacity bullet
				w/ Corlen 1008L/min transfer pump
			Flare Skid	8" OD x 16' sit PKOT
				12" OD x 20' flare stack w/ electrode ignition
			MCC Bldg	12 x 28 480v electrical switch gear
			Offg	15' x 50' cw/ operators control center
				cw/ all associated interconnecting piping, valves, fittings and instrumentation.
			Heat Separator	78" OD x 192' sis 9819 kPa maxwp 3 phase horizontal separator
			Gas Compressor	1085hp Cat C3516 "ALE ADEL JCU2 recip
			Refridge Skid	10 mmstd/d 3756 maxwp w/
				18" OD x 57 ft deethanizer tower
				Pick TDSH-2331 425hp refrigerant compressor
				Air-X 103-225 refrigerant condenser
				32" OD x 11' 1/4 750M3U/hr direct fired glycol regenerator
				(2) Union SX-3 glycol circ pumps w/ 3hp motors
			Instrument Air	(2) Rotz Nova 121Ld/min screw compressors w/ Westinghouse 30 hp motors
				240 gallon wet air receiver
			Water Storage	400 Bbl single wall cw/ 2ndry containment
			Cond Storage	400 Bbl single wall cw/ 2ndry containment
			LPG Storage	179,000 x 58' 1/4 159m3 capacity
				w/ 15hp transfer pump

Area 1	Compressor Station	15-30-018-26W11A	480v electrical w/ 100 gals 12' x 40' CW/ operator's control center 26' x 24' 96"OD x 20' s/s UG dual walls FKOT 12' x 128" flare stack w/ electronic ignitor (2) 36"OD x 72' s/s incinerator NO drum 26"OD x 47' h incinerator stack CW/ all associated interconnecting piping, valves, fittings and instrumentation
			Inlet Separator Dehydrator Skid 36"OD x 20' h 720 psig mawp three phase vertical separator Alco 30"OD x 28' h 8 way 1515 psig mawp glycol contactor Alco 30"OD x 8' w/ 300mbtu/hr reboiler (2) Kimray 21025 PV glycol circ pumps 50 bbl Tanksafe still column OH condenser tank Starter 800hp Cat 3512 LES Howden VRA/1321/153 3" 600 and senior daniel's meter run 400 Bbl single wall tank w/ 2ndry containment 6"OD x 40' h w/ 24"OD x 78' h integral KO 480v electrical switch gear 12' x 24' CW/ all associated interconnecting piping, valves, fittings and instrumentation.
Area 2	Compressor Station	09-17-019-27W4M	Inlet Separator Dehydrator Skid 60"OD x 20' s/s 720 psig mawp 3 phase horizontal separator w/ (2) 5hp Gould 3196 Baldr 215T liquid pumps Rushion 30"OD x 32' h 1640 psig mawp 10 way glycol contactor 36"OD x 96" s/s 500mbtu/hr glycol regenerator (2) Kimray 45015PV glycol circ pumps 50 bbl Tanksafe still column OH condenser tank 880hp Cat 3512 Fitch TOSH 2831 screw compressor w/ 30"OD x 120' s/s 350 psig mawp inlet separator 1478hp Wauk 70420SI Gemini E604 recip compressor w/ 48" x 168" s/s 575 psig mawp inlet separator and 24"OD x 120' s/s 1640 psig mawp blowcase (2) Materiel 313 scfm 1480 compressors w/ WEG 7.5hp electric motors and 120 gallon wet air receiver 400 Bbl single wall tank w/ 2ndry containment 480v electrical switch gear 8"OD x 40' h flare stack w/ 30"OD x 72' s/s integral KO w/ auto ignitor CW/ all associated interconnecting piping, valves, fittings and instrumentation
			Booster Compressor Sales Compressor Instrument Air Skid Water Storage MCC Bldg Flare Stack

Schedule D

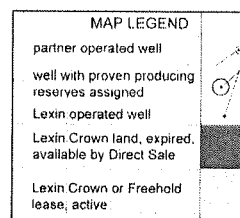
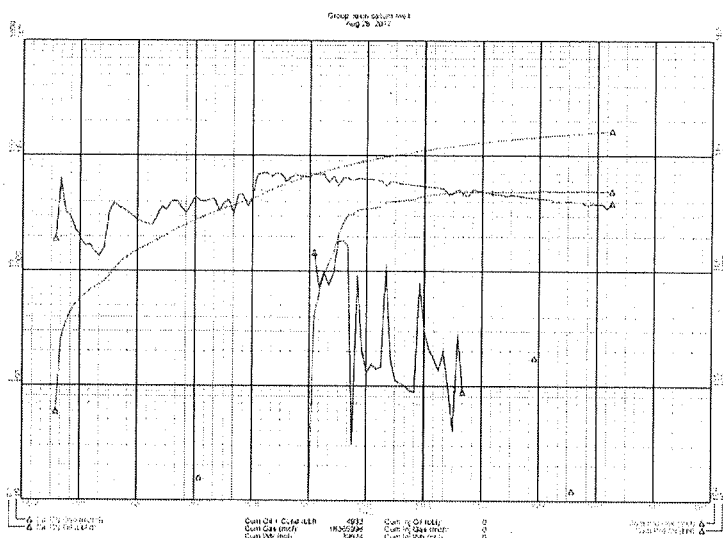
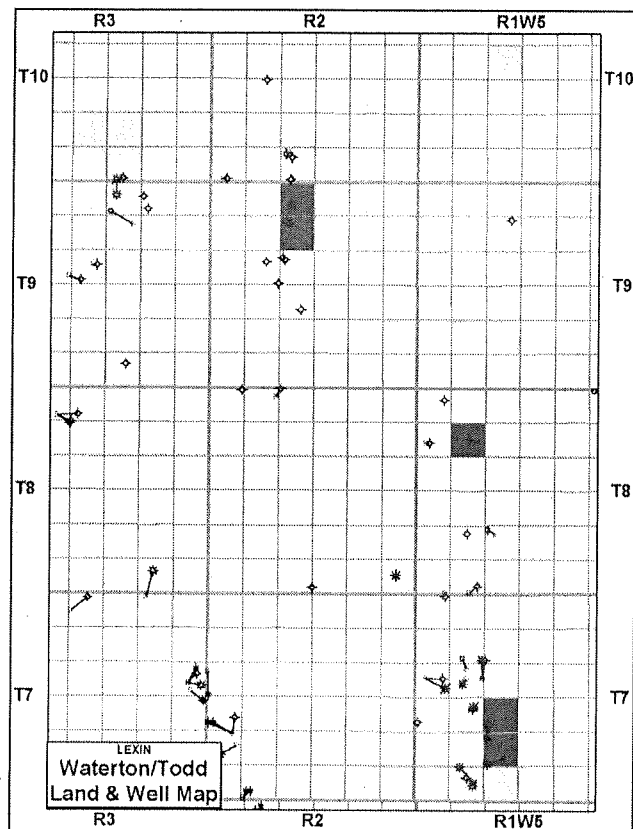
Sayer Marketing Excerpt of Waterton Sites

Deadline 12:00 pm October 5, 2017

Waterton/Todd (Callum) Property**Township 7-10, Range 1-3 W5**

Lexin has operated and non-operated working interests of 40%-100% in a number of Belly River and Mannville natural gas wells at *Waterton/Todd (Callum)*. The wells were producing approximately 3.9 MMcf/d prior to being shut-in.

GLJ forecasts that production net to Lexin from nine wells which it determined to be economic at *Callum* will average approximately 1.2 MMcf/d, along with 15 barrels of natural gas liquids for the last nine months of 2017.

**Waterton/Todd (Callum) LLR**

As of August 5, 2017, Lexin's *Waterton/Todd (Callum)* property had a deemed net liability value of \$2,873,399.

Waterton/Todd (Callum) Reserves

GLJ Petroleum Consultants Ltd. ("GLJ") prepared an independent reserves evaluation of Lexin's properties specifically for this divestiture (the "GLJ Report"). The GLJ Report, which is a mechanical update of Lexin's December 31, 2014 year-end report, is effective March 31, 2017 using GLJ's April 2017 forecast pricing.

GLJ estimates that, as of March 31, 2017, the *Callum* property contained remaining proved plus probable reserves of 1.6 Bcf of natural gas (264,000 barrels of oil equivalent), with an estimated net present value of \$2.6 million using forecast pricing at a 10% discount.

GLJ Petroleum Consultants Ltd. as of March 31, 2017							
COMPANY GROSS RESERVES					PV BEFORE TAX		
	Oil	Natural Gas	Ngl	Total	8%	10%	12%
	Mbbl	MMcf	Mbbl	MBOE		(000s)	
Proved Developed Producing	0	935	0	156	\$1,607	\$1,546	\$1,491
Proved Non-Producing/Undeveloped	0	0	0	0	\$0	\$0	\$0
Total Proved	0	935	0	156	\$1,607	\$1,546	\$1,491
Probable	0	645	0	108	\$1,169	\$1,074	\$991
Total Proved Plus Probable	0	1,580	0	264	\$2,776	\$2,620	\$2,482

The reserve estimates and forecasts of production and revenues were prepared within the context of a mechanical update of Lexin's December 31, 2014 corporate evaluation, which was an evaluation of all of the Company's properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the "Total" row may not correspond to the total of the values presented due to rounding.

Waterton/Todd (Callum) Well List

Italicized wells are on lands that have expired – refer to "Direct Sales Process" for further information.

	Location					Operator	Lexin W.I. %
	lsd	sec	twp	rge	mer		
100	07	05	007	01	5	Lexin	100
100	10	05	007	01	5	Lexin	100
100	14	05	007	01	5	Lexin	100
<i>100</i>	<i>04</i>	<i>09</i>	<i>007</i>	<i>01</i>	<i>5</i>	<i>Lexin</i>	<i>100</i>
<i>100</i>	<i>13</i>	<i>09</i>	<i>007</i>	<i>01</i>	<i>5</i>	<i>Lexin</i>	<i>100</i>
<i>102</i>	<i>04</i>	<i>16</i>	<i>007</i>	<i>01</i>	<i>5</i>	<i>Lexin</i>	<i>100</i>
100	10	17	007	01	5	Lexin	100
102	10	17	007	01	5	Lexin	100
100	08	19	007	01	5	Lexin	100
100	09	19	007	01	5	Lexin	100
100	06	20	007	01	5	Lexin	100
100	01	29	007	01	5	Lexin	100
100	11	01	008	02	5	Lexin	100
100	13	28	009	02	5	Lexin	75
100	06	33	009	02	5	Lexin	100
100	11	34	009	03	5	Lexin *	40
100	13	04	010	02	5	Lexin	100
100	03	03	010	03	5	Lexin *	40

* These two wells are licensed to and operated by Lexin; however, the operatorship for these two wells plus one pipeline segment, has been ceded to the 60% working interest partner by the Receiver. The associated licenses will be transferred to the partner following a future Court approval process. The Receiver is marketing the 40% non-operated working interest.

Schedule E

Proposed MFC Power Sub-Division Plans

Schedule "E"**Mazeppa Lands**

The areas designated as Area "A" (Power Plant Site) and Area "B" (Future Expansion Site) on the map attached to this Schedule "E" (collectively, the "**Premises**"), being a portion of those lands in High River, Alberta legally described as Meridian 4 Range 28 Township 19, Section 35, Quarter South East, excepting thereout all mines and minerals (Area: 64.7 Hectares (160 Acres) More or Less) (the "**Lands**").

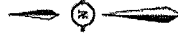


MFC RESOURCE PARTNERSHIP

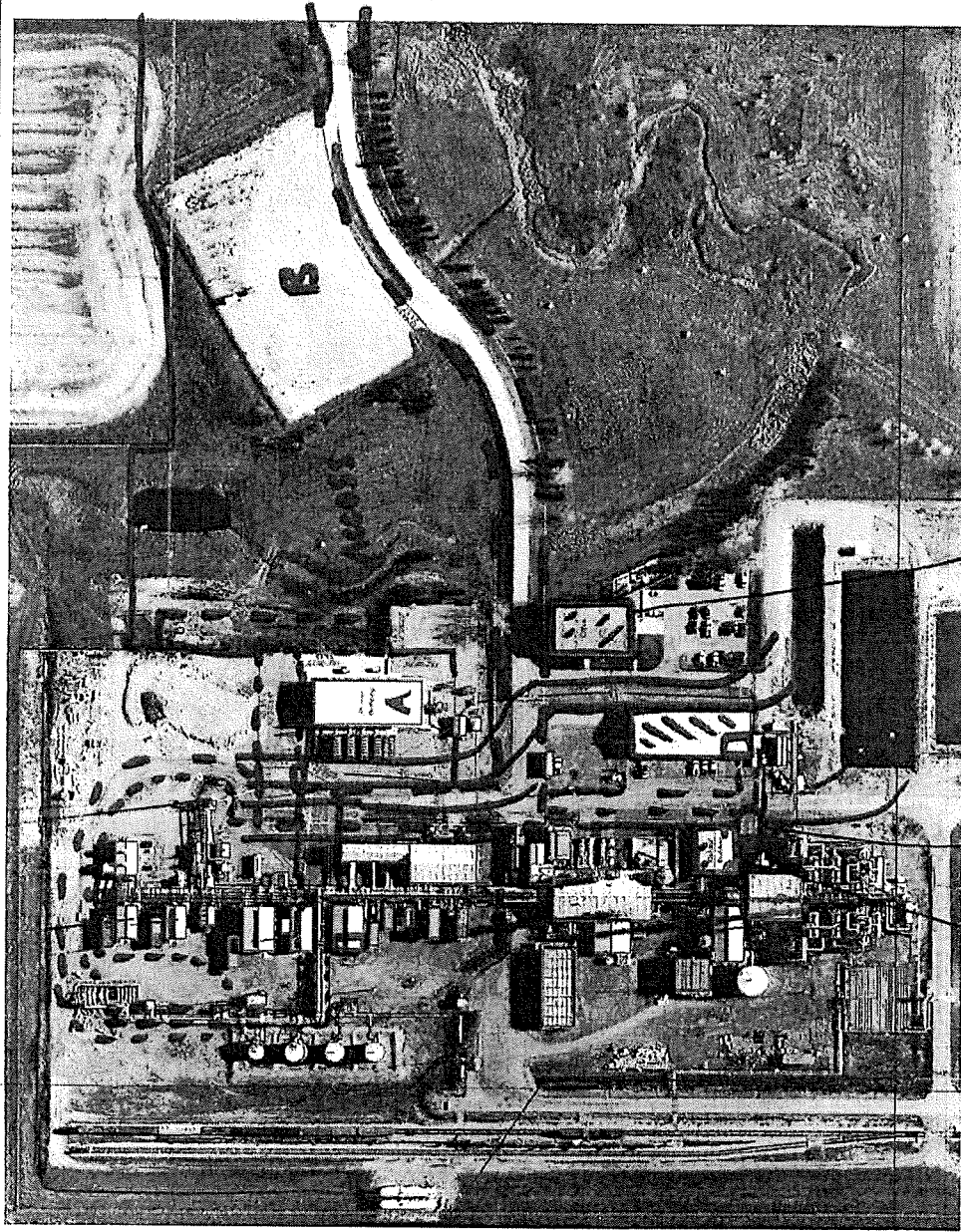
MFC Mazeppa Plant Site
Facility Plan Showing
Area 'A' (Power Plant Site)
Area 'B' (Future Expansion Site)

In
S.E. 1/4 Section 35,
Township 19, Range 28, W. 4th Meridian
Municipal District of Foothills No. 31
Alberta
Scale 1:3000

PRELIMINARY



NO.	DESCRIPTION	DATE	BY	CHKD.	APP'D.
1	Issue 1/2/95				
2	Issue 2/2/95				
3	Issue 3/2/95				
4	Issue 4/2/95				
5	Issue 5/2/95				
6	Issue 6/2/95				
7	Issue 7/2/95				
8	Issue 8/2/95				
9	Issue 9/2/95				
10	Issue 10/2/95				
11	Issue 11/2/95				
12	Issue 12/2/95				
13	Issue 13/2/95				
14	Issue 14/2/95				
15	Issue 15/2/95				
16	Issue 16/2/95				
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19	Issue 19/2/95				
20	Issue 20/2/95				
21	Issue 21/2/95				
22	Issue 22/2/95				
23	Issue 23/2/95				
24	Issue 24/2/95				
25	Issue 25/2/95				
26	Issue 26/2/95				
27	Issue 27/2/95				
28	Issue 28/2/95				
29	Issue 29/2/95				
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90	Issue 90/2/95				
91	Issue 91/2/95				
92	Issue 92/2/95				
93	Issue 93/2/95				
94	Issue 94/2/95				
95	Issue 95/2/95				
96	Issue 96/2/95				
97	Issue 97/2/95				
98	Issue 98/2/95				
99	Issue 99/2/95				
100	Issue 100/2/95				



Administrative Building

Radio Antennae

Control Room

Preliminary		Final	Revised Date	Cal/O.	Sup
No.	C		Source	ADNPN, 10/11/11	MO
8 - 941002051, 941002052 DNR 2 - 941002051 and 941002052 941002051, 941002052					

Schedule F
Required MFC Power Easements

Schedule "F"

Easements

The following easements and rights of access to enter onto, over and through the Lands with rights of ingress and egress for all purposes incidental to the operation of a power facility by Mazeppa Power Limited Partnership or any future lessees or owners of the Premises or its successors or assigns (the "**Grantee**") will, in each case, be provided until such time that any such easement or right of access is no longer reasonably possible as a result of decommissioning, remediation and reclamation activities on the Lands:

- (a) a blanket easement and right of access to enter on to those portions of the Lands, including the portion of the Lands between Area 'A' (Power Plant Site) and Area 'B' (Future Expansion Site) as designated on Schedule "E", as reasonably necessary to allow the Grantee to use, operate, maintain, repair, replace and relocate:
 - (i) the existing and any new communications cabling necessary for the operation of the AltaLink receiving radio antennae;
 - (ii) the existing Gas Plant's gas pipeline running from the Gas Plant inlet separator building to the point of interconnection with ATCO and any new gas pipeline;
 - (iii) the existing electrical lines connecting the Premises to the FortisAlberta Inc. electrical grid, by means of the electrical lines connecting a FortisAlberta Inc. transformer located on the Land to the switchgear located on the Premises and any new electrical lines;
 - (iv) the existing drainage ditch serving as the storm and overland drainage for the Premises;
 - (v) all existing phone, cable and internet lines providing the Premises with phone and internet access and any new such lines; and
 - (vi) any water pipes that may be built and used to provide potable or waste water access to the Power Plant Facility; and
- (b) a blanket easement over any existing or new roadways:
 - (i) as are reasonably necessary to access, make use of and enjoy any assets owned by the Grantee and used in the operation of the Power Plant Facility, including those shown in Schedule "E" hereof; and
 - (ii) as the parties may agree from time to time,

To the extent an easement becomes no longer possible as a result of decommissioning, remediation or reclamation activities on the Lands as contemplated above, the parties shall cooperate and work together in good faith and acting reasonably to mutually agree, where possible, to alternative locations and/or arrangements for such easements (including alternative arrangements for achieving the purpose of any such easements) to the extent reasonably necessary for the Grantee to operate a power facility and related operations at the Premises.

The Grantee covenants to pay for any and all reasonable costs associated with the exercise by it of the rights provided for in this Schedule "F".

Schedule G
AER Declarations and Orders

SCHEDULE G

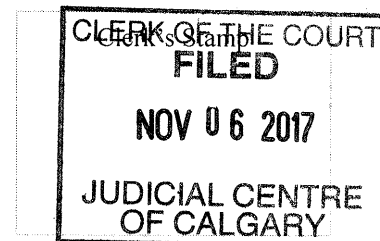
AER DECLARATIONS AND ORDERS

Abandonment Order No. AD 2018-11	Lexin Resources Ltd.
January 22, 2018 Order	Lexin Resources Ltd. & Energy Leasing Partners Ltd.
Abandonment Order No. AD 2017-31	Lexin Resources Ltd.
Amended Section 106 Declaration	Lexin Resources Ltd. (Michael J Smith, Jasmina Cezek)
Agreed Statement of Facts and Undertakings (20170612)	Lexin Resources Ltd. (Directors: Michael J Smith)
Closure Order No. C 2017-01A	Lexin Resources Ltd.
February 15, 2017 Amendment No. 1 to October 25, 2016 Order	Lexin Resources Ltd., LR Processing Ltd. and Directors
February 15, 2017 Order	Lexin Resources Ltd., LR Processing Ltd. and Directors
Closure Order No. C 2017-01	Lexin Resources Ltd.
Global Refer Status (20161124)	Lexin Resources Ltd.
October 25, 2016 Order	Lexin Resources Ltd.
Abandonment Order No. AD 2016-22	Lexin Resources Ltd.
August 9, 2016 Order	Lexin Resources Ltd. & LR Processing Ltd.
Abandonment Order No. AD 2016-21	Lexin Resources Ltd.
June 15, 2016 Order	Lexin Resources Ltd.
March 16, 2017 Order	LR Processing Ltd.
Abandonment Order No. AD 2017-17	Jixin Energy Inc.
March 16, 2017 Order	Jixin Energy Inc.
Closure Order No. C 2016-06	Jixin Energy Inc.

Appendix 4

Form 10
[Rule 3.25]

COURT FILE NUMBER 1701- 14935
 COURT COURT OF QUEEN'S BENCH OF ALBERTA
 JUDICIAL CENTRE Calgary



PLAINTIFF **GRANT THORNTON LIMITED, IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER OF LEXIN RESOURCES LTD., 1051393 B.C. LTD., 0989 RESOURCE PARTNERSHIP, LR PROCESSING LTD. and LR PROCESSING PARTNERSHIP, and GRANT THORNTON LIMITED, IN ITS CAPACITY AS THE COURT-APPOINTED TRUSTEE IN BANKRUPTCY OF LEXIN RESOURCES LTD. and 0989 RESOURCES PARTNERSHIP**

DEFENDANTS **1049597 B.C. LTD., 1059032 B.C. LTD., MFC ENERGY FINANCE INC., NOTINE HOLDINGS INC., JIXIN ENERGY INC., ENERGY LEASING PARTNERS LTD., MFC ENERGY HOLDING AUSTRIA GmbH, M FINANCIAL CORP., MFC BANCORP LTD. and MFC ENERGY (MONTANA) INC.**

DOCUMENT **STATEMENT OF CLAIM**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
 Robyn Gurofsky/Jessica L. Cameron
 Borden Ladner Gervais LLP
 1900, 520 3rd Ave. S.W.
 Calgary, AB T2P 0R3
 Telephone: (403) 232-9774/9715
 Facsimile: (403) 266-1395
 Email:
rgurofsky@blg.com/jcameron@blg.com
 File No. 547730/000021

NOTICE TO DEFENDANTS

You are being sued. You are a defendant.

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

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

Statement of facts relied on:

The Parties

1. Lexin Resources Ltd. ("**Lexin**") is incorporated pursuant to the laws of the Province of British Columbia and extra-provincially registered in the Province of Alberta. On March 20, 2017, on application by the Alberta Energy Regulator (the "**AER**"), the Alberta Court of Queen's Bench (the "**Court**") granted a receivership order (the "**Lexin Receivership Order**") appointing the Plaintiff, Grant Thornton Limited ("**Grant Thornton**"), as receiver and manager (the "**Receiver**") of Lexin.
2. On June 13, 2017, on a consent basis, the Court granted a receivership order (the "**Expanded Receivership Order**") and together with the Lexin Receivership Order the "**Receivership Orders**") expanding Grant Thornton's mandate as Receiver over the following Lexin related entities:
 - (a) 1051393 B.C. Ltd. ("**105**");
 - (b) 0989 Resource Partnership ("**0989**");
 - (c) LR Processing Ltd. ("**LR Ltd.**"); and
 - (d) LR Processing Partnership ("**LR Partnership**"),
 (105, 0989, LR Ltd. and LR Partnership together with Lexin being referred to herein as the "**Lexin Group**").
3. On October 25, 2017, the Court granted a bankruptcy order (the "**Bankruptcy Order**") appointing Grant Thornton as the trustee in bankruptcy (the "**Trustee**") of Lexin and 0989.
4. Prior to the granting of the Receivership Orders, the Lexin Group was engaged in the business of oil and gas exploration and production in the Province of Alberta.
5. Lexin is a partner in the 0989 partnership, a general partnership pursuant to the laws of the Province of British Columbia. The other partner in the 0989 partnership is 105. 105 is incorporated pursuant to the laws of the Province of British Columbia. Lexin owns 99.999% of the 0989 partnership while 105 owns the remaining 0.001%.
6. The Defendant 1049597 B.C. Ltd. ("**597**"), is incorporated pursuant to the laws of the Province of British Columbia, with a registered office in the City of Vancouver, in the Province of British Columbia. 597 is extra-provincially registered in the Province of Alberta.

7. The Defendant 1059032 B.C. Ltd. (“**1059**”), is incorporated pursuant to the laws of the Province of British Columbia, with a registered office in the City of Vancouver, in the Province of British Columbia.
8. The Defendant MFC Energy Finance Inc. (“**Finance**”) is incorporated pursuant to the laws of the Province of British Columbia, with a registered office in the City of Vancouver, in the Province of British Columbia.
9. The Defendant Notine Holdings Inc. (“**Notine**”) is incorporated pursuant to the laws of the Province of British Columbia and extra-provincially registered in Alberta, with a registered office in the City of Vancouver, in the Province of British Columbia.
10. The Defendant Jixin Energy Inc. (“**Jixin**”) is extra-provincially registered in Alberta with its home jurisdiction as the Republic of the Marshall Islands.
11. The Defendant Energy Leasing Partners Ltd. (“**ELP**”) is a company incorporated pursuant to the laws of the Republic of the Marshall Islands.
12. The Defendant MFC Energy Holding Austria GmbH (“**MFC Austria**”) is an Austrian corporation.
13. The Defendant M Financial Corp. (“**M Financial**”) is a company incorporated pursuant to the laws of Barbados.
14. The Defendant MFC Bancorp Ltd. (“**Bancorp**”) is a public company traded on the New York Stock exchange and at all material times was incorporated pursuant to the laws of the Province of British Columbia. Bancorp has subsequently been continued out of the Province of British Columbia into the jurisdiction of the Republic of the Marshall Islands on or about July 18, 2017. At all material times each of Lexin, 0989, Finance and M Financial were material subsidiaries of Bancorp.
15. The Defendant MFC Energy (Montana) Inc. (“**MFC Montana**”) is a company incorporated pursuant to the laws of the State of Montana, USA.
16. At all material times, 597, 1059, Finance, Notine, Jixin, ELP, MFC Austria, M Financial, Bancorp and MFC Montana were not acting at arm’s length to the Lexin Group.

The Finance Loan

17. During the Lexin Group's Receivership proceedings, Finance asserted that it was a secured creditor of Lexin and 0989. Finance asserted that it advanced \$37,570,500 by way of a secured loan to 0989 pursuant to a demand loan agreement between 0989 and Finance on June 30, 2015 (the "**Finance Loan**").
18. As security for the Finance Loan, 0989 and Lexin purportedly pledged all of their present and after acquired personal property pursuant to a general security agreement dated June 30, 2015. As additional security, 0989 issued a promissory note to Finance in the amount of \$37,570,500, dated June 30, 2015.
19. The Finance Loan was apparently advanced by M Financial, on behalf of Finance, to 0989's Austrian bank account, on June 30, 2015. On the same day, 0989 made two outgoing wire transfers in the amounts of \$24,916,755.60 and \$12,653,744.40 (totalling \$37,570,500) to Lexin and Bancorp respectively, resulting in no net change to 0989's bank account.
20. On the same day it received the \$24,916,755.60 from 0989, Lexin made an outgoing wire transfer to MFC Austria in the amount of \$24,916,755.60, resulting in no net change to Lexin's bank account.
21. 0989's accounting records do not record a cash receipt of the Finance Loan. Instead, the accounting records reference an account payable of \$37,570,500 to M Financial and a reduction in the share capital account of 0989. No entries for 2015 are recorded in Lexin's accounting records, as it appears that all of the Lexin Group's accounting activity was recorded through 0989.
22. The Receiver/Trustee states and the fact is that neither 0989 or Lexin received any proceeds or benefit pursuant to the Finance Loan. Further, or in the alternative, there was no valid business purpose for the Finance Loan. The Finance Loan is therefore void and unenforceable.
23. Finance advised the Receiver that as at March 30, 2017, there remained \$15,058,114 owing by Lexin and/or 0989 to Finance pursuant to the Finance Loan. While Finance has failed or neglected to provide the Receiver with a full accounting of the balance claimed to be outstanding pursuant to the Finance Loan, Finance has provided information to the Receiver indicating that portions of the Finance Loan were purportedly settled by way of debt reduction arising from four asset transactions, as more particularly set forth below.

Purported Settlements of the Finance Loan

Equipment Transaction

24. Pursuant to a bill of sale between 0989 and 597 dated December 29, 2015 (the “**597 PSA**”), 597 purportedly sold various equipment to 597. The stated purchase price pursuant to the 597 PSA was \$14,093,000, which was purportedly paid for by 597 by way of issuing 14,093,000 shares in 597 to 0989 (the “**597 Equipment Transaction**”).
25. On the same day, being December 29, 2015, \$14,093,000 of the Finance Loan was purportedly repaid by 0989 by way of a transfer of 0989’s 14,093,000 shares in 597 to Finance at an ascribed value of \$1.00 per share, pursuant to a share purchase and sale agreement between 0989 and Finance dated December 29, 2015 (the “**Finance SPA**”).
26. Pursuant to a letter agreement between 0989 and Finance dated September 30, 2016, the purchase price pursuant to the 597 PSA was purportedly reduced from \$14,093,000 to \$13,279,000.
27. Despite the 597 PSA, the Lexin Group maintained possession of all of the equipment subject to the 597 Equipment Transaction. The parties purportedly entered into various lease and storage agreements respecting this arrangement, as follows:
 - (a) Pursuant to a lease agreement between 0989 and 597 dated December 29, 2015, 597 agreed to lease certain oil and gas equipment to 0989 for approximately \$129,000 per month for a 36 month period (the “**0989 Equipment Lease**”);
 - (b) Pursuant to a lease agreement between LR Processing and 597 dated December 29, 2015, 597 agreed to lease a Propak refrigeration unit to LR Processing for \$22,522 per month for a 36 month period (the “**LR Equipment Lease**”); and
 - (c) Pursuant to a storage agreement between Lexin, 0989 and 597, Lexin and/or 0989 agreed to store certain oil and gas equipment on behalf of 597 for \$10,000 per month, subject to adjustments based on the volume of equipment being stored (the “**Equipment Storage Agreement**”).
28. The lease payments due pursuant to the 0989 Equipment Lease and the LR Equipment Lease appear never to have been made by 0989 (nor Lexin for that matter) to 597. Further, the storage payments due pursuant to the Equipment Storage Agreement do not appear to have ever been made by 597 to either 0989 or Lexin.

Land Transaction

29. Pursuant to a purchase and sale agreement between 0989 and 1059 dated December 29, 2015 (the “**1059 PSA**”), 0989 purportedly sold various undeveloped fee simple and freehold lands to 1059.

The stated purchase price pursuant to the 1059 PSA was \$4,768,374, which was purportedly paid for by 1059 by way of issuing 4,768,374 shares in 1059 to 0989 (the “**1059 Land Transaction**”).

30. On the same day, being December 29, 2015, \$4,768,374 of the Finance Loan was purportedly repaid by 0989 by way of a transfer of 0989’s 4,768,374 shares in 1059 to Finance at an ascribed value of \$1.00 per share, pursuant to the Finance SPA.

Seismic Transaction

31. Pursuant to a bill of sale between 0989 and Finance dated February 8, 2017 (the “**Finance PSA**”), 0989 purportedly sold certain seismic data to Finance. The stated purchase price pursuant to the Finance PSA was \$890,000, which was purportedly paid for by Finance by way of a reduction to the outstanding balance of the Finance Loan in the amount of \$890,000 (the “**Seismic Transaction**”).

Montana Share Transaction

32. Pursuant to a letter agreement between 0989 and Finance dated January 5, 2016, 0989 purportedly sold all of its shares in MFC Montana to Finance for \$790,000, which was purportedly paid for by Finance by way of a reduction to the outstanding balance of the Finance Loan in the amount of \$790,000 (the “**Montana Share Transaction**”).

Additional Reviewable Transactions

33. Pursuant to a purchase and sale agreement between Lexin and Notine dated November 6, 2015 (the “**Notine PSA**”), Lexin purportedly sold to Notine certain producing oil and gas assets in the Niton area of west central Alberta. The stated purchase price pursuant to the Notine PSA was \$50,000,000, which was purportedly paid for by Notine by way of issuing 50 million shares in Notine to 0989 (the “**Notine Transaction**”).
34. On December 18, 2015, 0989 purportedly sold its 50 million shares in Notine to MFC Austria in exchange for a \$50 million promissory note payable from MFC Austria to 0989.
35. Pursuant to a purchase and sale agreement between Lexin, 0989 and Jixin dated March 30, 2015 (the “**Jixin PSA**”), Lexin and/or 0989 purportedly sold certain equipment to Jixin for \$1.00 and the assumption of certain unquantified liabilities (the “**Jixin Equipment Transaction**”). Pursuant to a

bill of sale between Jixin and ELP dated November 12, 2015 (the “**ELP PSA**”), Jixin purportedly sold this same equipment to ELP for \$2,165,000 (the “**ELP Equipment Transaction**”).

Summary of Transactions

36. In addition to the above noted transactions, 0989 purportedly made two cash payments towards the Finance Loan in the amounts of \$1,795,000 and \$590,000 in February and May 2016, respectively.
37. Each of the 597 Equipment Transaction, 1059 Land Transaction, Seismic Transaction, Montana Share Transaction, the Notine Transaction, the Jixin Equipment Transaction and the ELP Equipment Transaction (collectively the “**Impugned Transactions**”) occurred between non-arm’s length parties out of the ordinary course of business.
38. At the time all of the Impugned Transactions occurred, 0989 and/or Lexin were insolvent, in insolvent circumstances, on the eve of insolvency, or rendered insolvent by the respective transactions.
39. There was no consideration with respect to any of the Impugned Transactions, or, in the alternative, the consideration paid with respect to each of the Impugned Transactions was wholly inadequate and at undervalue.
40. Further, or in the alternative, all of the Impugned Transactions were made with the intention to defraud, defeat, hinder, delay or prejudice the Lexin Group’s creditors, and all of the Defendants were aware of such fraudulent intent.
41. Further, or in the alternative, as a result of the Impugned Transactions the Defendants have received the benefit of Lexin and/or 0989’s property to the detriment of the Plaintiffs’ estates in the absence of any juristic reason. The Defendants have therefore been unjustly enriched. The Plaintiffs claim a constructive trust over any and all benefits received by the Defendants as a result of their unjust enrichment. Further, the Defendants are liable to make restitution to the Receiver/Trustee and to disgorge any benefits the Defendants have received from their unjust enrichment.
42. The Receiver/Trustee seeks to recover the property transferred in the Impugned Transactions from any Defendant or Defendants to whom said properties were subsequently transferred, including any successor owners, as fully and effectually as the Receiver/Trustee could have recovered said property from a Defendant if it had not been further resold or transferred.

43. The Receiver/Trustee further states that all payments made to Finance or any of the Defendants by Lexin or 0989, either directly or indirectly, including the payments made to Finance in purported reduction of the Finance Loan, were made at a time when Lexin or 0989 were insolvent or at least on the eve of insolvency and that such payments constitute preferential payments within the meaning of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 and the *Fraudulent Preferences Act*, RSA 2000, c F-24. In the further alternative, the Receiver/Trustee states that all such payments were received by the Defendants, or any one or more of them, directly or indirectly, in trust for the benefit of Lexin and 0989 and the Receiver/Trustee requires said Defendants to fully account in respect of the same. Furthermore, and in the alternative, the Receiver/Trustee states that all payments herein described were made with the intention of wrongfully depriving Lexin and/or 0989 and their respective creditors of the benefit of same.
44. With respect to the foregoing, the Receiver/Trustee specifically pleads and relies upon the provisions of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, and in particular sections 95 and 96 thereof, the *Fraudulent Preferences Act*, RSA 2000, c F-24 and the *Statute of Fraudulent Conveyances*, 1571 (U.K.), 13 Eliz., c. 5 (the “*Statute of Elizabeth*”).
45. The Receiver/Trustee proposes that this Action be tried at the Court House, in the City of Calgary, in the Province of Alberta. The trial of this Action will be less than 25 days.

Remedy sought:

46. An Order against each of the Defendants:
 - (a) Declaring that the Impugned Transactions, or any one of them, constitute a fraudulent preference or transfer, transfer at undervalue or fraudulent conveyance, setting aside such Impugned Transactions and declaring them to be void as against the Plaintiff as Receiver and Trustee;
 - (b) Directing that title to all such property that is the subject of the Impugned Transactions be re-transferred to the Receiver for the benefit of the receivership estate;
 - (c) In the alternative, declaring that all such transfers of the property that is the subject of the Impugned Transactions were made in trust and that such property remained at all material times the beneficial property of Lexin and/or 0989;
 - (d) Permitting the Receiver/Trustee to trace those monies that the Defendants have each fraudulently or preferentially retained or used, into and through any financial institution accounts or deposit facilities in the name of the Defendants and into or through any assets purchased by the Defendants with the Lexin Group’s monies;
 - (e) Requiring the disgorgement of profits improperly obtained by the Defendants;

- (f) Declaring that any payments of money received by any one or more of the Defendants from Lexin and/or 0989, or from the proceeds of the sales of property owned by Lexin and/or 0989 or from the proceedings of mortgaging such property, directly or indirectly, are fraudulent and void as against the Plaintiff as Receiver and Trustee and directing that all such amounts be repaid to the Receiver;
 - (g) Declaring that any real property owned in whole or in part by the Defendants may be sold by the Receiver in order to deliver up to the Receiver/Trustee the funds which can be traced to those lands for the benefit of the Plaintiffs' estates;
 - (h) Granting interlocutory and permanent injunctions attaching to the assets of the Defendants and preventing the Defendants from disposing of any of their assets, including those held by another person on their behalf, wheresoever located, pending the outcome of the trial of this Action.
47. Costs on a solicitor-and-its-own-client, full indemnity basis.
48. Pre-judgment and post-judgment interest on all amounts awarded to the Receiver/Trustee, pursuant to the *Judgment Interest Act*, RSA 2000, c J-1.
49. Such further and other relief as this Honourable Court deems just in the circumstance.

NOTICE TO THE DEFENDANTS

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

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

2 months if you are served outside Canada.

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

WARNING

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

Appendix 5

BILL OF SALE

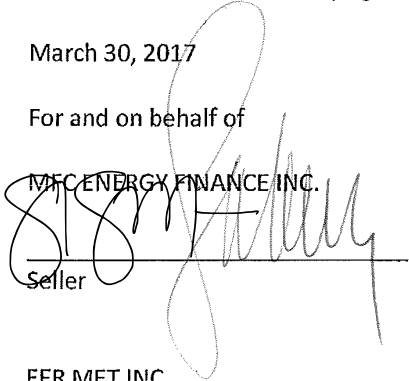
100% of the shares of MFC Energy (Montana) Inc.

MFC Energy Finance Inc. ("Seller") hereby agrees to sell his entire interest in all of the issued shares of MFC Energy (Montana) Inc., a company duly registered in Montana, to EER Met Inc. ("Purchaser"), for a consideration of in the aggregate of US\$1 (in words: USD one) and other consideration mutually agreed by the parties.

March 30, 2017

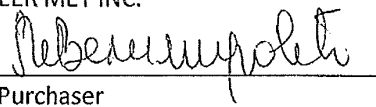
For and on behalf of

MFC ENERGY FINANCE INC.



Seller

EER MET INC.



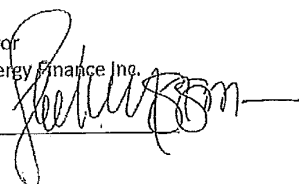
Purchaser

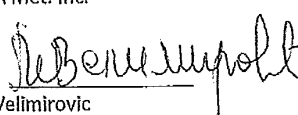
INSTRUMENT OF TRANSFER

The undersigned, MFC Energy Finance Inc. (the "Transferor"), hereby sells, assigns, conveys and transfers to EER Met Inc. of Marshall Islands (the "Transferee") all of Transferor's right, title and interest in and to all of the shares and/or other equity securities owned or held by Transferor or owned or held on Transferor's behalf, in MFC Energy (Montana) Inc. (the "Company") to hold unto the Transferee and the Transferees' administrators, successors, assigns, and other legal representatives of Transferee or its transferees or assigns, on the same conditions as the Transferor thereof; and the Transferee hereby accepts transfer of such shares subject to such conditions.

IN WITNESS WHEREOF, the Transferor and Transferee have executed this instrument as

of the 30th day of March 2017.

Transferor
MFC Energy Finance Inc.
By: 
Name

Transferee
EER Met. Inc.
By: 
L. Velimirovic

Appendix 6

LR Processing Partnership
Invoices from EPS AB Energy Canada Ltd.

			Excluding GST figures		
Invoice			(Per xe.com)		
Date	Invoicing for:	Inv. #	Euro	Exh. rate	C\$
17-Apr-14	15% of total project	79	2,475,263.40	1.4149	3,502,250.18
9-May-14	15% of total project	84	2,475,263.40	1.4916	3,692,102.89
2-Jun-14	10% of total project	85	1,650,175.60	1.5216	2,510,907.19
15-Oct-14	10% of total project	96	1,650,175.60	1.4428	2,380,873.36
23-Oct-14	40% of total project (engine ship.)	97	6,600,702.40	1.4226	9,390,159.23
11-Dec-14	Change order (Fortis MVI)	180			220,410.00
20-Jan-15	Change order #3 Rev1-Rev. Mtring	220			75,319.00
2-Sep-15	10% of total project (sig. of comm.)	100	1,650,175.60	1.4089	2,324,932.40
			16,501,756.00		24,096,954.26

Euro denominated subtotals			16,501,756.00	1.442345	23,801,225.26
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Appendix 7

Annex 6

MAZEPPA WBS hypothesis

PROJECT: MFC PROCESSING PARTNERSHIP - MAZEPPA

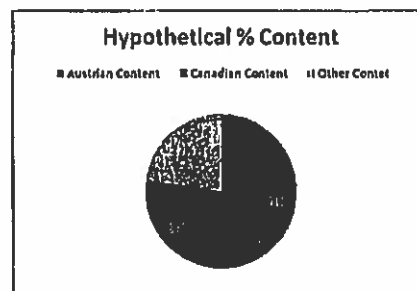
Contract Price

€ 23.650.000

Suppliers	HP Content	Equipment	Goods/Service	EURO
AB ENERGY INTERNATIONAL GMBH ref. Annex 3	AUSTRIA	Modular solution SX-ECOMAX pow. 16,5 MW + Emergency module	GOODS	
	AUSTRIA	Sx Jenbacher generator set	GOODS	€ 7.370.000,99
	OTHER	BOP	GOODS	€ 2.574.999,00
	AUSTRIA	Emergency module	GOODS	€ 1.000.004,01
	OTHER	25 kv / 13,8 switchgear	GOODS	€ 637.255,15
	OTHER	15/20 MVA Transformer or SX4MVA	GOODS	€ 207.718,12
	OTHER	7,5 MVA 25-4,16 kv Transformer	GOODS	€ 67.114,09
	OTHER	Grounding resistors	GOODS	€ 57.046,98
	OTHER	25 kv Island breaker	GOODS	€ 107.382,55
	OTHER	UPS	GOODS	€ 36.912,75
	OTHER	PLC	GOODS	€ 40.268,46
	CANADA	13.8 kv cable	GOODS	€ 46.979,87
	CANADA	25 kv cable	GOODS	€ 33.557,05
	CANADA	480v cable	GOODS	€ 26.845,64
	CANADA	Glycol/oil CHP	GOODS	€ 23.489,93
	CANADA	Installation (BOP+Modular solution)	SERVICE	€ 450.000,00
	CANADA	Offloading	SERVICE	€ 100.000,00
	CANADA	Ante-delivery Project Management	SERVICE	€ 87.248,32
	CANADA	Engineering	SERVICE	€ 1.014.093,86
	CANADA	Foundations concrete pad/excavation/piles	SERVICE	€ 784.060,40
	CANADA	Site work: cranes/manlifts/scaffold/survey etc	SERVICE	€ 667.785,23
	CANADA	Gas line piping	SERVICE	€ 208.059,69
	CANADA	Training/commissioning/extra controls	SERVICE	€ 73.020,13
	CANADA	Ground work CHP	SERVICE	€ 16.778,52
	CANADA	Bonding CHP	SERVICE	€ 3.355,70
	CANADA	Generator cable/conduit/other CHP	SERVICE	€ 118.791,95
	CANADA	Commissioning/metering CHP	SERVICE	€ 20.134,23
	CANADA	Controls&Instrumentation	SERVICE	€ 187.919,46
	CANADA	Transport/commissioning/Install MV	SERVICE	€ 319.463,09
	CANADA	Ground work MV	SERVICE	€ 20.134,23
	CANADA	Safety and Purchasing	SERVICE	€ 33.691,28
	CANADA	Project Management	SERVICE	€ 147.551,01

Hypothesis.

Austrian Content	€	8.370.005,02	31%
Canadian Content	€	4.403.053,69	27%
Other Content	€	3.728.697,10	23%



The prices indicated are only hypothesis in order to make an estimation of the Contract Price. The Design-Builders may change the content composition and the single item price, but in any case a minimum Austrian Content of 31% will be granted.

[Handwritten signature]

Appendix 8

BROWSE A BATCH

CO: 050 MPP LTD REPORT NAME: RENGL120

RUN DATE: 08/08/18 RUN TIME: 16.56.36

CURRENCY: OPERATING PAGE: 1

BATCH# 702298 CREATED: 2015/12/01 APPROVED: 2016/02/04 POSTED: YES

CALENDAR PERIOD: 201512 CREATED BY: SARAH HAUGHEY APPROVED BY: PATRICK AMANTEA LAST UPDATED BY:

SOURCE: JV

BATCH DESCRIPTION: POWER PURCHASE

BATCH	CO	Acct	Description	Facility	A/E	Invoice /Reference	Acct Period	Net Amount
702298	050	1067	RBI CAD BANK ACCOUNT #0071 5431 1204			POWER PURCHASE	201512	4,854,701.00
	050	1067	RBI CAD BANK ACCOUNT #0071 5431 1204			POWER PURCHASE	201512	9,559,493.00
	050	1436	INTERCO - MFC PP AND PWR PLANT			POWER PURCHASE	201512	-3,278,860.00
	050	8290	GAIN/LOSS DISPOSAL FIXED ASSETS			POWER PURCHASE	201512	-11,135,334.00
	050	1067	RBI CAD BANK ACCOUNT #0071 5431 1204			POWER PURCHASE	201512	-14,414,180.00
	050	1432	INTERCO - MFC RP AND MFC PP			POWER PURCHASE	201512	14,414,180.00
*TOTAL BATCH	702298							.00

Appendix 9

Lexin Group**Compare 0989 to LR Processing major transactions**

0989 Transaction (A)					LR Processing Transaction (B)				
	Party	Date	Amount	% of total		Party	Date	Amount	% of total
1	MFC Austria	30-Jun-15	24,916,755.60	66.32%		Unknown	1-Dec-15	9,559,493.00	66.32%
2	MFC Bancorp	30-Jun-15	12,653,744.40	33.68%		Unknown	1-Dec-15	4,854,701.00	33.68%
			37,570,500.00	100.00%				14,414,194.00	100.00%

Receiver notes

- A Details from Receiver's Fifth Report. All traced to actual RBI banking transactions occurring on this date.
- B Details from attached Batch entry 702298. The stated RBI CAD BANK ACCOUNT #0071 5431 1204 shows no banking transactions in these amounts either in that month or the month following.

Appendix 10

MFC BANCORP LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 12. Property, Plant and Equipment

The following changes in property, plant and equipment were recorded during the year ended December 31, 2017:

Costs	Opening balance	Additions	Disposals	Dispositions of subsidiaries*	Reclassified from inventories	Impairments	Currency translation adjustments	Ending balance
Land and buildings	\$ 944	\$ 26	\$ —	\$(1,221)	\$ —	\$ —	\$ 251	\$ —
Refinery and power plants	91,392	—	—	—	3,786	—	(2,744)	92,434
Processing plant and equipment	18,880	987	(8,678)	57	—	(7,863)	320	3,703
Office equipment	5,189	300	(1,343)	(3,163)	—	—	152	1,135
	<u>\$116,405</u>	<u>\$1,313</u>	<u>\$(10,021)</u>	<u>\$(4,327)</u>	<u>\$3,786</u>	<u>\$(7,863)</u>	<u>\$(2,021)</u>	<u>\$97,272</u>

* Net of acquisition of a subsidiary

Accumulated depreciation	Opening balance	Additions	Disposals	Dispositions of subsidiaries	Impairments	Currency translation adjustments	Ending balance
Land and buildings	\$ 208	\$ 344	\$ —	\$(598)	\$ —	\$ 46	\$ —
Refinery and power plants	9,308	2,267	—	—	—	(528)	11,047
Processing plant and equipment	3,545	1,377	(2,294)	(27)	(1,223)	248	1,626
Office equipment	3,901	384	(1,118)	(2,639)	—	117	645
	<u>16,962</u>	<u>\$4,372</u>	<u>\$(3,412)</u>	<u>\$(3,264)</u>	<u>\$(1,223)</u>	<u>\$(117)</u>	<u>13,318</u>
Carrying amount	<u>\$99,443</u>						<u>\$83,954</u>

The following changes in property, plant and equipment were recorded during the year ended December 31, 2016:

Costs	Opening balance	Additions	Disposals	Dispositions of subsidiaries*	Reclassified from assets held for sale	Reclassified to assets held for sale	Reclassified from resource properties	Currency translation adjustments	Ending balance
Land and buildings	\$ 5,890	\$ 119	\$ —	\$(324)	\$ —	\$(4,745)	\$ —	\$ 4	\$ 944
Refinery and power plants	67,336	—	—	—	20,255	—	5,000	(1,199)	91,392
Processing plant and equipment	34,548	3,194	(262)	(25,340)	8,128	(646)	—	(742)	18,880
Office equipment	8,515	770	(22)	(2,918)	—	(237)	—	(919)	5,189
	<u>\$116,289</u>	<u>\$4,083</u>	<u>\$(284)</u>	<u>\$(28,582)</u>	<u>\$28,383</u>	<u>\$(5,628)</u>	<u>\$5,000</u>	<u>\$(2,856)</u>	<u>\$116,405</u>

* Net of acquisition of a subsidiary

Accumulated depreciation	Opening balance	Additions	Disposals	Dispositions of subsidiaries	Reclassified to assets held for sale	Currency translation adjustments	Ending balance
Land and buildings	\$ 1,600	\$ 367	\$ —	\$(139)	\$(1,663)	\$ 43	\$ 208
Refinery and power plants	6,860	2,641	—	—	—	(193)	9,308
Processing plant and equipment	8,392	5,403	—	(9,283)	(421)	(546)	3,545
Office equipment	3,692	880	—	(727)	(170)	226	3,901
	<u>20,544</u>	<u>\$9,291</u>	<u>\$ —</u>	<u>\$(10,149)</u>	<u>\$(2,254)</u>	<u>\$(470)</u>	<u>16,962</u>
Carrying amount	<u>\$95,745</u>						<u>\$99,443</u>

A power plant with a carrying amount of \$26,412 was temporarily idle as of December 31, 2017. Subsequent to the year end, the power plant was vandalized and incurred damage. The Group expects to recover all restoration expenditures through insurance, except the deductible amount of \$350, which will be capitalized and included in the carrying amount of the power plant when incurred.

During the year ended December 31, 2017, 2016 and 2015 respectively, \$nil, \$nil and \$3,948 of expenditures were recognized in the carrying amounts of items of property, plant and equipment in the course of their construction.

MFC BANCORP LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 16. Debt

Certain of the Group's subsidiaries have entered into long-term debt agreements with numerous banks and financial institutions. These agreements, which include customary terms and conditions in accordance with industry standards for unsecured facilities, include:

<u>As at December 31:</u>	<u>2017</u>	<u>2016</u>
Due to a bank, US\$19,430 and US\$19,428 at December 31, 2017 and 2016, respectively, fixed interest plus an interest margin and backup guarantee fee on US\$19,428 (5.05% at December 31, 2017) and payable quarterly, secured by intercompany loan receivables and due in equal annual repayments with final repayment in September 2022	\$ 24,374	\$ 26,085
Due to a bank, £nil and €16,414 at December 31, 2017 and 2016, respectively . . .	—	23,257
Due to banks, £nil and €8,000 at December 31, 2017 and 2016,	—	11,335
Due to a bank £nil and €25,900 at December 31, 2017 and 2016, respectively . . .	—	36,699
Due to a bank, €13,605 and €14,642 at December 31, 2017 and 2016, respectively, €13,404 at a fixed interest rate (2.7% at December 31, 2017) and the remainder at EURIBOR plus an interest margin (1.55% at December 31, 2017) and payable quarterly, due in semi-annual repayments with final payment in May 2025. Repayments totaling \$1,559 were past-due at December 31, 2017.	19,359	19,437
	<u>\$ 43,733</u>	<u>\$ 116,813</u>
Current portion	\$ 43,733	\$ 36,249
Long-term portion	—	80,564
	<u>\$ 43,733</u>	<u>\$ 116,813</u>

For additional information, see Note 27.

All long-term debt was classified to current liabilities as at December 31, 2017 as the lender notified the subsidiary borrowers that the debt had been accelerated and called due in 2018. The Group is in the process of negotiating an extension or other resolution with the lender on these subsidiaries' debts.

Interest expense of \$nil, \$nil and \$608 was capitalized and included in property, plant and equipment during the year ended December 31, 2017, 2016 and 2015, respectively.

Note 17. Account Payables and Accrued Expenses

<u>As at December 31:</u>	<u>2017</u>	<u>2016</u>
Trade and account payables	\$ 39,528	\$ 27,053
Value-added, goods and services and other taxes (other than income taxes)	2,559	3,610
Compensation	392	1,837
Contract liabilities	769	535
Deposits from customers	—	1,471
Acquisition price payables	—	1,716
Sale of shares on behalf of other	—	3,067
Provision for guarantee	1,502	—
Other	—	5,825
	<u>\$ 44,750</u>	<u>\$ 45,114</u>

Trade payables arise from the Group's day-to-day trading activities. The Group's expenses for services and other operational expenses are included in account payables. Generally, these payables and accrual accounts do not bear interest and have a maturity of less than one year.

Appendix 11

ASSET PURCHASE AGREEMENT

BETWEEN

MFC PROCESSING PARTNERSHIP

(as Vendor)

AND

MFC POWER LIMITED PARTNERSHIP

(as Purchaser)

August 31, 2015

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Exhibit C	Form of Gas Purchase Agreement
Exhibit D	Form of Lease
Exhibit E	Form of Operating Agreement

ASSET PURCHASE AGREEMENT

THIS AGREEMENT is made as of the 31st day of August, 2015.

BETWEEN:

MFC PROCESSING PARTNERSHIP, a limited partnership organized under the laws of Alberta with an office at Suite 400 - 1035 7th Avenue SW, Calgary, Alberta, T2P 3E9

(the "Vendor")

AND:

MFC POWER LIMITED PARTNERSHIP, a limited partnership organized under the laws of the Province of British Columbia, having an office at Suite 400 - 1035 7th Avenue SW, Calgary, Alberta, T2P 3E9

(the "Purchaser")

WHEREAS:

- A. The Vendor owns the Purchased Assets; and
- B. The Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Purchased Assets, on the terms and subject to the conditions provided in this Agreement; and
- C. The Purchaser has agreed to assume and be bound by the Assumed Liabilities, on the terms and subject to the conditions provided in this Agreement.

NOW, THEREFORE, in consideration of the covenants, representations, warranties and agreements contained herein and other good and valuable consideration, the Parties hereto covenant and agree as follows:

1. INTERPRETATION

1.1 Definitions

Unless otherwise specifically provided or the context otherwise requires, where used in this Agreement, including the recitals to this Agreement, the following terms shall have the meanings set forth or as referenced below:

"Affiliate" means, as applied to any Person, any other Person directly or indirectly Controlling, Controlled by, or under common Control with, that Person.

"Agreement" means this agreement and the recitals to this Agreement, in each case, as they may be amended or supplemented from time to time in accordance with this Agreement, and the expressions "hereof", "herein", "hereto", "hereunder", "hereby", and similar expressions,

when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement.

"Applicable Law" means, in relation to any Person, asset, transaction or event, all applicable provisions, whether now or hereafter in effect, of laws, statutes, rules, regulations, official directives and orders of all federal, provincial, municipal and local governmental bodies (whether administrative, legislative, executive or otherwise) and judgments, orders and decrees of all courts, arbitrators, commissions or bodies exercising similar functions in actions or proceedings in which the Person in question is a party or by which it is bound or having application to the asset, transaction or event in question, and shall also include all rules, policies procedures and guidelines of the Alberta Electric System Operator or the Market Surveillance Administrator as defined in the *Electric Utilities Act* (Alberta), the breach of which could reasonably be expected to lead to an investigation or sanction.

"Assignment and Assumption Agreement" means an agreement between the Vendor and the Purchaser to be entered into on the Closing Date pursuant to which all the Purchased Assets are assigned to and all the Assumed Liabilities are assumed by the Purchaser, and all of the Contracts (including the Credit Agreements) and Licences and Permits are assigned by the Vendor and assumed by the Purchaser, in substantially the form as Exhibit A hereto.

"Assumed Liabilities" means the liabilities of the Vendor which are to be assumed by the Purchaser pursuant to Section 3.1.

"Authorizations" has the meaning ascribed thereto in Section 2.1(b).

"Books and Records" has the meaning ascribed thereto in Section 2.1(c).

"Buildings" means all of the Vendor's interests in the plants, buildings, structures, fixtures and other improvements located on the Leased Property (including all leasehold improvements) and used in the Power Business.

"Business Day" means a day that is not a Saturday, Sunday or statutory holiday in Calgary, Alberta.

"Claimant" has the meaning ascribed thereto in Section 3.4.

"Closing" has the meaning ascribed thereto in Section 8.1.

"Closing Date" means the date on which the Closing occurs.

"Consents" means all necessary third party notices, consents and approvals to any assignments of any Contracts and Licences and Permits to the Purchaser including all necessary consents, authorizations, registrations and approvals required by any Governmental Authority.

"Contaminants" means any pollutant, contaminant, waste, toxic, corrosive or hazardous substance, deleterious substance, dangerous substance, dangerous good or hazardous waste or special waste as defined in, or prohibited or regulated by, any Environmental Laws including, without limitation, asbestos, asbestos-containing materials, radioactive materials, urea formaldehyde and PCBs (polychlorinated biphenyls), and any substances whose presence and concentration in soil and groundwater is regulated by Environmental Laws.

"Contracts" means all agreements, leases, contracts and commitments of the Vendor and/or its Affiliates relating to the Power Business, including, without limitation, commitments made by the Vendor and/or its Affiliates in respect of the Power Business relating to the design, construction and installation of the Power Plant on the Leased Property, which in each case do not expire prior to the Effective Date, or have expired prior to the Effective Date but in respect of which there are outstanding or surviving representations, warranties, performance guarantees, performance payments or obligations, indemnities or similar obligations of the provider of the materials or services delivered or performed thereunder.

"Control" (including with correlative meanings, the terms **"Controlling"**, **"Controlled by"** and **"under common Control with"**), as applied to any Person, means the power or rights to, directly or indirectly, either

- (a) elect a majority of the directors of that Person, or
- (b) direct or cause the direction of the management or policies, or business or affairs, of that Person,

whether through the beneficial ownership of securities or partnership or other ownership interests, by contract, or otherwise. For greater certainty:

- (a) a Person shall be deemed to Control a partnership of which, in the case of a limited partnership, such Person or an Affiliate of such Person is the general partner, or, in all other cases, such Person or an Affiliate is a partner who has authority to bind the partnership;
- (b) a Person who Controls an entity is deemed to Control any entity that is Controlled, or deemed to be Controlled, by the entity; and
- (c) a Person is deemed to Control an entity if the aggregate of (A) any securities of the entity that are beneficially owned by that Person and (B) any securities of the entity that are beneficially owned by any entity Controlled by that Person, is such that, if that Person and all of the entities referred to in clause (B) of this paragraph (b) that beneficially own securities of the entity, were one Person, that Person would Control the entity.

"Credit Agreements" means the following credit agreements related to the financing of the construction and design of the Power Plant: (i) Loan Agreement between MFC Processing Partnership and Raiffeisen Bank International AG dated April 23, 2014 and (ii) Loan Agreement for ECA Financing – Corporate between MFC Processing Partnership and Raiffeisen Bank International AG dated April 23, 2014;

"Current Assets" means, as at the Effective Date, those assets of the Vendor relating to the Power Business which, in accordance with IFRS consistently applied, are shown or should be shown in the Books and Records as cash, accounts receivable (including GST/HST refunds), inventories and prepaid expenses and deposits and GST/HST input tax credits (after reduction of GST/HST payable).

"Current Liabilities" means the aggregate, without duplication, of those liabilities relating to the Power Business becoming due and payable after the Effective Date which, in accordance with IFRS consistently applied, are shown or should be shown in the Books and Records as

accounts payable and accrued liabilities, GST/HST payable (after reduction of GST/HST input tax credits) and accrued trade liabilities of the Vendor as at that time for or in respect of any goods purchased by, or services performed for, the Vendor before the Effective Date, but excluding income Taxes payable.

"Customary Post-Closing Consents" means consents and approvals from any Governmental Authority or third party that are customarily obtained after closing in connection with transactions similar in nature to the transaction contemplated in this Agreement, including Consents for the transfer of Contracts, Licences and Permits which, if not obtained, would not reasonably be expected to have a material adverse effect on the completion of the transactions contemplated in this Agreement.

"Effective Date" means August 31, 2015.

"Electricity Purchase Agreement" means an agreement between the Vendor and the Purchaser to be entered into on the Closing Date pursuant to which the Purchaser will agree to supply electricity to the Vendor, in substantially the form as Exhibit B hereto.

"Encumbrance" means any encumbrance of any kind whatsoever and includes, without limitation, a security interest, mortgage, lien, hypothec, pledge, assignment, charge, title retention agreement, option, security under Section 426 or Section 427 of the *Bank Act* (Canada), trust or deemed trust (whether contractual, statutory or otherwise arising), any covenant or other agreement, restriction or limitation relating to the transfer of the Purchased Assets and any (i) easement, (ii) restrictive covenant, (iii) right of way, (iv) restriction, (v) encroachment, (vi) title reservation of any kind with respect to real property, or (vii) adverse claim of any kind or character whatsoever.

"Environment" means the air above the land, the water (including surface water and groundwater) in, on, adjoining and under the land and the land (including soil, sediments and lands submerged under water) as well as all animals, plants, fish and other species using or living in such areas.

"Environmental Laws" means all federal, provincial, municipal, or local laws, statutes, regulations, by-laws or rules, orders, permits issued or made by any Governmental Authority, as well as any standards, directions, policies, interpretations, codes, guidelines, or other requirements having the force of law and made by any Governmental Authority, now or hereafter in force, and the common law relating in whole or in part to the protection or preservation of the Environment, or transportation of dangerous goods and includes those laws, statutes, regulations, by-laws or rules relating to the storage, generation, use, handling, manufacture, processing, transportation, import, export, treatment, remediation, release or disposal of any Contaminants.

"Environmental Liabilities" means any and all liability, claim, demand, obligation, cause of action, remediation, cost recovery action, investigation, proceeding, order, violation, damage, loss, cost, expense, judgment, penalty, or fine (whether arising or relating to any act, omission, occurrence, operation or activity transpiring prior to, on or following the Closing) asserted by any Person (including, without limitation, any private party or Governmental Authority), arising out of, or relating to: (i) Environmental Laws; (ii) the manufacture, construction, processing, distribution, use, holding, collection, accumulation, generation, treatment, stabilization, storage, disposal, handling or transportation of Contaminants; (iii) any releases of Contaminants; (iv) any sampling, assessment or monitoring of the

Environment; or (v) the removal, assessment, monitoring, sampling, abatement, remediation, risk, management, clean up, investigation, reporting or non-reporting of a release or discharge of Contaminants, or of contamination or pollution or of other adverse effects on the Environment, including the compensation of any private party or Governmental Authority for losses suffered by them in respect thereof.

"**Environmental Reports**" has the meaning ascribed thereto in Section 4.1(m)(i).

"**ETA**" means the *Excise Tax Act* (Canada), as amended from time to time, as such act applies to and governs GST/HST.

"**Excluded Assets**" has the meaning ascribed thereto in Section 2.2.

"**Excluded Liabilities**" has the meaning ascribed thereto in Section 3.1.

"**Gas Plant**" means the sour gas processing plant owned by the Vendor and located at the Mazeppa Site.

"**Gas Purchase Agreement**" means an agreement between the Vendor and the Purchaser to be entered into on the Closing Date pursuant to which the Vendor will agree to supply gas to the Purchaser, in substantially the form as Exhibit C hereto.

"**Governmental Authority**" means, (a) any international, multinational, national, federal, provincial, state, county, municipal, local or other governmental or public department, central bank, court, minister, governor-in-council, cabinet, commission, board, bureau, agency, commissioner, tribunal or instrumentality, domestic or foreign; (b) any subdivision or authority of any of the above; and (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above, including the Alberta Electric System Operator and the Alberta Utilities Commission.

"**GST/HST**" means all goods and services or harmonized sales tax imposed under Part IX of the ETA.

"**IFRS**" means International Financial Reporting Standards as adopted by the International Accounting Standards Board.

"**Intellectual Property**" means all right, title and interest of the Vendor in and to any patents, inventions and intellectual property rights utilized in connection with the Power Business.

"**ITA**" means the *Income Tax Act* (Canada), as amended from time to time.

"**Lease**" means a lease agreement to be entered into on the Closing Date between Vendor, as lessor, and Purchaser, as lessee, with respect to the lease of the Leased Property, substantially in the form as Exhibit D to this Agreement.

"**Leased Property**" means that portion of property held by the Vendor in fee simple and located at the Mazeppa Site and used for the conduct of the Power Business as described in greater detail in the Lease.

"**Licences and Permits**" means all licences, permits, authorizations, certificates, approvals, registrations, covenants, rights-of-way, rights-to-purchase, leasehold interests and other

similar rights relating to the Power Business which in each case do not expire before the Effective Date.

"Litigation" means any existing actions, suits, petitions, claims or other proceedings relating exclusively to the Power Business, which exist at, arise or are threatened prior to, the Effective Date, but excluding any such actions, suits, petitions, claims or proceedings in respect of any Excluded Liabilities.

"Mazeppa Site" means the site where the Power Plant and Gas Plant are located, being the southeast quarter of Section 35, Township 19, Range 28, west of the Fourth Meridian in High River, Alberta.

"Obligant" has the meaning ascribed thereto in Section 3.4.

"Operating Agreement" means an agreement between the Vendor and the Purchaser to be entered into on the Closing Date governing the provision of services by the Vendor to the Purchaser, in substantially the form as Exhibit E hereto.

"Other Environmental Obligations" means all Environmental Liabilities of the Vendor that are not Power Business Environmental Obligations. For additional clarification, Other Environmental Obligations shall include all liabilities and obligations under Environmental Laws related to the operation, abandonment, reclamation or decommissioning of the Gas Plant, including any run-off or release of Contaminants from the Gas Plant that has migrated, is migrating or will migrate to the Power Plant or any other third party properties and all liabilities attributable to (a) the gross negligence or willful misconduct of Vendor, its affiliates or any person for whom Vendor or any of its affiliates is responsible at law, or any of their respective contractors or subcontractors; and (b) the breach by Vendor of its representations and warranties in this Agreement.

"Parties" means the Purchaser and the Vendor, and **"Party"** means any one of them as the context requires.

"Permitted Encumbrances" means:

- (i) subsisting reservations, limitations, provisions or conditions, including royalties, expressed in the original grants from the Crown of any of the Leased Property and the statutory exceptions to title currently applicable to the Leased Property;
- (ii) as of the date hereof, registered or pending reservations, easements, restrictive covenants, rights-of-way or charges granted by or in favour of utilities or public authorities;
- (iii) a claim of right, title or jurisdiction which may be made or established by any aboriginal peoples by virtue of their status as aboriginal peoples to or over any lands, waters or products harvested therefrom;
- (iv) undetermined or inchoate liens and charges incidental to current construction or current operations which have not been filed or registered in accordance with Applicable Law or of which written notice has not yet been duly given

in accordance with Applicable Law or that relate to an obligation not yet due or delinquent, which in each case relate to Purchased Assets;

- (v) liens for Taxes, local improvements, assessments or governmental charges or levies not at the time due or delinquent, provided, however, where such taxes, local improvements, assessments or governmental charges or levies are payable in installments over a period of time, the installment for the then current portion thereof shall be adjusted between the Purchaser and the Vendor at Closing;
- (vi) as of the date hereof, any minor encroachments by any structure located on the Leased Property onto any adjoining lands that do not materially affect the use and enjoyment of such adjoining lands or unless permitted by an encroachment agreement; and any minor encroachment by any structure located on adjoining lands onto the Leased Property or any of them that do not materially affect the use and enjoyment of the Leased Property or unless permitted by an encroachment agreement;
- (vii) the provisions of registered municipal by-laws, including those relating to zoning;
- (viii) as of the date hereof, registered easements for the supply of utilities or telephone services to any portion of the Mazeppa Site and for drainage, storm or sanitary sewers, public utility lines, telephone lines, or other services;
- (ix) as of the date hereof, registered easements or rights-of-way for the passage, ingress and egress of Persons and vehicles over parts of the Leased Property;
- (x) the Vendor's Easements;
- (xi) Instrument No. 961 307 287 – Caveat Re: Right of Way Agreement;
- (xii) Instrument No. 041 021 147 – Utility Right of Way;
- (xiii) Instrument No. 051 008 240 – Caveat Re: Pipeline Right of Way;
- (xiv) Builder's Lien No. 151143053 – filed by Clearstream Energy Services Limited Partnership on June 9, 2015; and
- (xv) other registered instruments approved by the Purchaser in writing.

"Person" means any individual, corporation, partnership, limited partnership, limited liability company, joint venture, association, joint-stock company, trust, society, incorporated organization or any other similar entity.

"Personal Property" means all personal property of the Vendor relating to the Power Business, including all machinery, plant, equipment, trade fixtures, furnishings, and accessories that are owned by the Vendor, including without limitation the Power Plant, all other Buildings, all spare parts and the equipment and other personal property, and the interest of the Vendor in any machinery and equipment held under a lease or title retention.

"Power Business" means the business of the Vendor relating to the generation, marketing and sale of electrical energy and operation of the Power Plant and all complementary, incidental and ancillary activities relating thereto or in furtherance thereof, but excluding the business of the Vendor relating to the processing, marketing and sale of natural gas, natural gas liquids, oil, Sulphur and other hydrocarbon products and the operation of the Gas Plant.

"Power Business Environmental Obligations" means only those Environmental Liabilities that are directly related to the operation of the Power Business (including the abandonment and reclamation of the Power Plant) and that arise and relate to acts, of the Purchaser, its servants, agents, employees, contractors, sublessees or others for whom it is in law responsible, or any omissions, losses, costs, expenses, judgments, penalties or fines against the Purchaser or its servants, agents, employees, contractors, sublessees or others for whom it is in law responsible, transpiring on or following the Closing, including any run-off or release of Contaminants from the Power Plant and migrating to the Vendor's or any other third party property (but only to the extent of such run-off or release) and shall not include any of the Other Environmental Obligations.

"Power Plant Permitting Date" means the date on which the Purchaser has obtained all of the Power Plant Permits.

"Purchase Price" has the meaning ascribed thereto in Section 2.4.

"Purchased Assets" has the meaning ascribed thereto in Section 2.1.

"Purchaser's Easements" means the easements against the Mazeppa Site to be registered in favour of the Purchaser pursuant to Section 3.1 of the Lease.

"Taxes" means: (i) all federal, state, local, provincial, branch, foreign or other taxes or other governmental levies, including income, gross receipts, windfall, profits, value added, severance, ad valorem, property, capital, net worth, production, mining, royalty, rental sales, use, licence, excise, franchise, employment, environmental, transfer, withholding or similar taxes, payroll taxes, employment taxes, pension plan premiums, severance taxes, social insurance premiums, workers' compensation premiums, employment insurance, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/HST, customs duties or other taxes or other governmental levies of any kind whatsoever imposed or charged by any Governmental Authority, (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority on or in respect of amounts of the type described in clause (i) above or this clause (ii); and (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period.

"Tax Return" means all elections, notices, filings, forms, statements and other documents (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, made, prepared, filed or required to be made, prepared or filed by Applicable Law in respect of Taxes.

"Transaction Documents" means this Agreement, the Lease, the Operating Agreement, the Gas Purchase Agreement, the Electricity Purchase Agreement, the Assignment and Assumption Agreement, each Consent and each document creating a Purchaser's Easement or a Vendor's Easement.

"Vendor's Easements" means the easements against the Mazeppa Site to be registered in favour of the Vendor pursuant to Section 3.7 of the Lease.

1.2 Accounting Terms

Unless otherwise specified, whenever reference is made in this Agreement to a calculation to be made or an action to be taken in accordance with IFRS, such calculation shall be made or action taken in accordance with IFRS applicable as at the time such calculation is required to be made or action is to be taken, consistently applied.

1.3 Gender and Number

Words and defined terms importing the singular shall include and have a comparable meaning when used in the plural, and vice versa, and words importing gender include all genders.

1.4 Currency

All references to currency shall mean Canadian Dollars unless otherwise expressly provided.

1.5 Section Headings and References

All Section headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement. Unless otherwise indicated, references to Articles or Sections are to Articles or Sections in the main body of this Agreement.

1.6 Certain Phrases, etc.

In this Agreement (i) the words "including", "includes" and "include" mean "including (or includes or include) without limitation", and (ii) the phrase "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of". In the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.7 Statutes

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted.

2. PURCHASE AND SALE OF ASSETS

2.1 Purchase and Sale of Assets

Upon and subject to the terms and conditions of this Agreement, at the Closing the Vendor agrees to sell, assign, convey, deliver and transfer to the Purchaser, and the Purchaser agrees to purchase and acquire from the Vendor, with economic effect as of the Effective Date, all of the Vendor's and/or its Affiliates' right, title and interest in and to all of the assets, properties and rights of every kind and nature owned by the Vendor and/or its Affiliates or to which the Vendor and/or its Affiliates is entitled to as of the Closing which exclusively or primarily relate to or are exclusively or primarily used or held for use in connection with the Power Business, free and clear of all

Encumbrances other than the Permitted Encumbrances, including the following (but in all cases, excluding the Excluded Assets) (collectively, the "**Purchased Assets**"):

- (a) **Personal Property and Current Assets:** the Personal Property and Current Assets;
- (b) **Contracts, Licences and Permits:** all Contracts, Licences and Permits, and other orders, grants and authorizations from any third party or Governmental Authority related to the operation of the Power Business and the Purchased Assets including those listed on Schedule 2.1(a) hereto, along with all of the Vendor's and/or its Affiliates' rights, benefits and interest thereto, including all Consents obtained (collectively, the "**Authorizations**");
- (c) **Books and Records:** all books and records which are in the actual possession or control of the Vendor and/or its Affiliates, or any of their respective agents or representatives, or are readily available to the Vendor and/or its Affiliates to the extent that they relate to the Purchased Assets (the "**Books and Records**");
- (d) **Intellectual Property:** the Intellectual Property;
- (e) **Power Plant Site Map Assets:** all assets, properties and rights of the Vendor and/or its Affiliates which are located in or on the area marked as comprising the Power Plant site on the site map attached as Schedule 2.1(e) hereto; and
- (f) **Other Property:** the other Purchased Assets listed on Schedule 2.1(f) hereto.

In addition, in connection with the purchase and sale of the Purchased Assets, at the Closing, the Vendor agrees to grant to the Purchaser the rights in the Leased Property set forth in the Lease and, as soon as practicable after the Closing, the rights set forth in the Purchaser's Easements, in each case, on the terms and conditions set forth in the Lease or the applicable document creating the Purchaser's Easement.

2.2 Excluded Assets

The Purchased Assets do not include any of the assets listed on Schedule 2.2 hereto (the "**Excluded Assets**").

2.3 Included/Excluded Assets

If at any time after the date hereof, either the Vendor or the Purchaser discovers any item which should have been either included or excluded in the Purchased Assets or the Excluded Assets but was not included or excluded for any reason, then such item shall, if the parties agree, be included or excluded, as the case may be and the Parties agree to take such actions and execute such documents as may be reasonably necessary to evidence such inclusion or exclusion.

2.4 Purchase Price

Subject to Sections 2.8 and 2.9 hereof, the consideration (the "**Purchase Price**") payable by the Purchaser to the Vendor for the Purchased Assets shall be the sum of: (a) \$14,414,194; and (b) the agreed value for the assumption of the Assumed Liabilities as of the Closing Date.

2.5 Allocation of Purchase Price

The Parties agree that the Purchase Price shall be allocated among the Purchased Assets in a manner consistent with the allocation schedule attached as Schedule 2.5 hereto (The "**Allocation Schedule**"). The Parties shall not take any position inconsistent with the Allocation Schedule in the filing of any Tax Return or in the course of any Tax audit, Tax review or Tax proceeding unless any Governmental Authority makes a binding, non-appealable determination that is inconsistent with that allocation.

2.6 Payment

The Purchaser shall on the Closing Date, pay the portion of the Purchase Price referenced in Section 2.4(a) by certified cheque or wire transfer in immediately available funds to the Vendor.

2.7 GST/HST Election and Reporting

At the option of the Purchaser, the Vendor and the Purchaser shall jointly execute in the prescribed form, and the Vendor shall file within the required time, an election under Section 156 of the ETA to deem the purchase and sale of the Purchased Assets hereunder that constitute personal property to be made for nil consideration for GST/HST purposes. To the extent the Purchase Price is payable in respect of an interest in assets that constitute "real property", as defined in the ETA, the Purchaser shall self-assess and account for the applicable Tax in accordance with Part IX of the ETA.

2.8 Fair Market Value Price

The Vendor and the Purchaser hereby declare that the Purchase Price referred to in Section 2.4 has been chosen since it is the intent of the Vendor and the Purchaser that the purchase and sale of the Purchased Assets take place at fair market value, determined in a fair and reasonable manner, and that no gift or other monetary benefit be conferred by any one of them upon any other Person by virtue of the purchase and sale of such Purchased Assets. In the event that the Minister of National Revenue, the Minister of Finance for the Province of Alberta, their authorized representatives, or any similar Governmental Authority at any time hereafter proposes to issue or issues any assessment or assessments that impose or would impose any liability for any Tax on the Vendor or the Purchaser or on any other Person on the basis that the fair market value of the Purchased Assets as of the date hereof is greater or less than the Purchase Price set out in Section 2.4 hereof, then the amount of the Purchase Price will be reviewed and the fair market value of the Purchased Assets will be deemed to be an amount determined as follows:

- (a) if the Governmental Authority in making or proposing such an assessment or assessments also makes a determination of the fair market value of the Purchased Assets as of the Effective Date and both the Vendor and the Purchaser, either before or after objection or appeal or by agreement with such Governmental Authority, accept the determination, then the fair market value so determined will be deemed to be the fair market value of such Purchased Assets for the purposes of the Purchase Price in Section 2.4 hereof; and
- (b) in any other case, the parties will appoint a firm of chartered accountants in the Province of Alberta to make or obtain a second determination of the fair market value of the Purchased Assets, and the fair market value for purposes of the Purchase Price will be the amount agreed upon by both the Vendor and the Purchaser after first receiving and considering such second determination or, if they cannot agree, the

matter of such value will be referred to a single arbitrator appointed under the *Arbitration Act* (Alberta) whose determination of such matters will be final.

2.9 Price Adjustment

If the Purchase Price set out in Section 2.4 hereof is reviewed and the fair market value of the Purchased Assets is deemed to be an amount determined pursuant to Section 2.8 hereof, then the Purchase Price hereunder will be adjusted accordingly and retroactively, *nunc pro tunc*, to the date of this Agreement.

2.10 Increase or Decrease in Purchase Price

The Purchaser and the Vendor agree to attribute the amount of any increase or decrease in the estimate of the Purchase Price pursuant to Sections 2.8 and 2.9 hereof to the Purchased Assets, as agreed between the Parties, or, if the attribution cannot be agreed between the Parties within 180 days of the final determination of the adjustment pursuant to Sections 2.8 and 2.9 hereof, then by payment in cash of the amount of the increase or decrease in the Purchase Price by the appropriate Party.

2.11 Set-Off

Notwithstanding anything else in the Transaction Documents, the Purchaser may, in its sole discretion, offset any amounts payable by it to the Vendor hereunder or pursuant to any other Transaction Document against any amounts owing by Vendor to Purchaser hereunder or under any other Transaction Document.

2.12 Economic Effect

The Parties acknowledge and agree that the purchase and sale of the Purchased Assets shall take economic effect as of and from the Effective Date. From the Effective Date and until the Closing, the Vendor shall, and shall cause its Affiliates to, where applicable, retain and hold in trust for the exclusive benefit and use of the Purchaser, all of the Purchased Assets, including all Contracts and Licences and Permits and from the Effective Date and until the Closing the Vendor shall operate the Power Plant for the benefit of the Purchaser. Within 15 days of the Closing, the Vendor shall pay over to the Purchaser all revenues generated by the Power Plant for the period between the Effective Date and the Closing, less the Vendor's actual and reasonable costs properly incurred in connection with the operation of the Power Plant for such period as determined by the Parties, acting reasonably, under generally accepted accounting principles applicable to the Vendor. For the sake of clarity, the Parties acknowledge that the Vendor may consume up to 4 MWh of electricity generated by the Power Plant solely for the purpose of operating the Gas Plant and related purposes, provided that the Vendor accounts for such electricity at the Electricity Price set forth in the Electricity Purchase Agreement.

3. ASSUMED LIABILITIES

3.1 Assumed Liabilities

Subject to the terms and conditions contained herein, at the Closing the Purchaser shall assume and thereafter pay, perform, discharge, satisfy and fulfill the following (and no other) obligations and liabilities of the Vendor (collectively, the "Assumed Liabilities"):

- (a) the Current Liabilities; and

- (b) the Credit Agreements.

The Purchaser shall not assume and shall not be responsible to pay, perform or discharge any liabilities of the Vendor of any nature whatsoever other than the Assumed Liabilities (such other liabilities, the "**Excluded Liabilities**"). The Vendor shall retain all Excluded Liabilities and shall pay and satisfy in due course all Excluded Liabilities which it is obligated to pay and satisfy. The Excluded Liabilities shall include, without limitation, those liabilities listed on Schedule 3.1 hereto.

3.2 Purchaser's Indemnity

Except for any obligations which relate to a claim against the Vendor for breach of any warranty, representation or covenant of the Vendor under this Agreement or any Transaction Document for which the Vendor is or remains responsible under this Agreement or any Transaction Document, the Purchaser shall indemnify and save the Vendor and its employees, officers, directors and agents harmless from and against any claim, demand, action, cause of action, loss, damage, cost, fine, penalty or expense whatsoever, including reasonable and documented legal fees suffered or incurred, directly or indirectly, by any of them by reason of the failure of the Purchaser to pay or discharge any of the Assumed Liabilities.

3.3 Vendor's Indemnity

The Vendor shall indemnify and save the Purchaser and its employees, consultants, officers, directors and agents harmless from and against any claim, demand, action, cause of action, loss, damage, cost, fine, penalty or expense whatsoever, including reasonable and documented legal fees suffered or incurred, directly or indirectly, by any of them by reason of the failure of the Vendor and/or its Affiliates to pay or discharge any of the Excluded Liabilities.

3.4 Claims for Indemnity

No claim by the Vendor or Purchaser (or any of the other Persons listed in Section 3.2 or 3.3), as applicable, for indemnity under this Article 3 shall be made unless prompt notice of any claim, action, proceeding or circumstances that could reasonably give rise to such a claim is given by the party making the claim (the "**Claimant**") to the party which is responsible for the claim under this Agreement (the "**Obligant**") except that the inadvertent failure to give such prompt notice shall not preclude the Claimant from pursuing such a claim unless and to the extent that the Obligant is prejudiced by such failure through the loss of substantive or procedural rights or defenses. An Obligant may, and shall, if directed to do so by the Claimant, at its own expense and in the name of the Claimant or otherwise, dispute any claim made, or any matter on which a claim could be made by a third party, in respect of which a notice has been given by a Claimant under this section and may retain counsel chosen by the Vendor (in the event the Claimant is a Person listed in Section 3.2) or by the Purchaser (in the event the Claimant is a Person listed in Section 3.3) to have conduct of any proceeding relating to such a claim. For the purpose of confirming or disputing such a claim, a Claimant shall provide full and complete disclosure to the Obligant and complete access to and right of inspection, by the Obligant's representatives of all documents and records in the possession or control of the Claimant relating to any such claim. If an Obligant is required to furnish any security for the purpose of defending or contesting the subject matter of any Claim, all money or property representing such security received by the Claimant as a result of a successful defence or contestation shall be held in trust by the Claimant for the benefit of the Obligant and shall be remitted to the Obligant on demand. Any claim for indemnity hereunder shall be in addition to any other remedies the Claimant may otherwise have against the Obligant.

3.5 Tax Treatment of Indemnification Payments

All indemnification payments made under this Agreement shall be treated by the Parties as an adjustment to the Purchase Price for tax purposes, unless otherwise required by Applicable Law.

4. REPRESENTATIONS AND WARRANTIES OF THE VENDOR

4.1 Representations and Warranties of the Vendor

The Vendor represents and warrants as follows to the Purchaser, with the understanding that such representations and warranties shall be the exclusive source of warranties or of similar rights for the benefit of the Purchaser, and acknowledge that the Purchaser is relying upon the representations and warranties in connection with its purchase of the Purchased Assets, the assumption by the Purchaser of the Assumed Liabilities and the entering into each of the Transaction Documents and completing the transactions contemplated thereunder:

- (a) **Organization and Power.** The Vendor is a limited partnership organized and existing under the Applicable Laws of its jurisdiction of organization and has the power to own and operate its property, carry on its business and enter into and perform its obligations under each Transaction Document that it is a party thereto.
- (b) **Due Authorization.** The execution and delivery by the Vendor of each Transaction Document that it is a party thereto, and the performance by the Vendor of its obligations thereunder, have been, or will be at or prior to Closing, authorized by all necessary corporate action on the part of the Vendor and its general partner.
- (c) **No Conflict.** The execution and delivery by the Vendor and/or its Affiliates of each Transaction Document that they are a party thereto, and the performance by the Vendor and/or its Affiliates of their obligations thereunder:
 - (i) do not and will not constitute or result in a violation or breach of, or conflict with, or allow any Person to exercise any rights under any of the terms or provisions of their constituting documents;
 - (ii) do not and will not constitute or result in a breach of, or allow any Person to exercise any rights under any contract, arrangement, license, lease (including the Licences and Permits) or instrument that the Vendor and/or its Affiliates is a party to;
 - (iii) do not and will not result in a breach of, or cause the termination or revocation of, any Authorization held by the Vendor and/or its Affiliates that is necessary for the transfer of the Purchased Assets or the operation of the Power Business;
 - (iv) do not and will not result in the creation or imposition of any Encumbrance on any of the Purchased Assets (other than the Vendor's Easements and the Purchaser's Easements); and
 - (v) do not and will not result in a violation of any Applicable Laws.

- (d) **Regulatory Approvals.** Except as have already been obtained, or will be obtained on or prior to the Closing Date or Customary Post-Closing Consents, no filing with, notice to, or authorization of any Governmental Authority is required on the part of the Vendor as a condition to the lawful completion of the transactions contemplated by any Transaction Document on the terms and conditions set out therein where the failure to make the filing, give the notice or obtain the authorization would materially adversely affect the ability of any Party to consummate the transactions contemplated herein.
- (e) **Required Consents.** Except as have already been obtained, or will be obtained on or prior to the Closing Date or Customary Post-Closing Consents, there is no requirement to obtain any consent, approval or waiver of a party under any contract, license, lease or instrument that the Vendor and/or its Affiliates is a party to in connection with the transfer of the Purchased Assets or to the completion of the transactions contemplated by any Transaction Document.
- (f) **Execution and Binding Obligation.** Each Transaction Document that the Vendor and/or its Affiliates is a party thereto has been duly executed and delivered by the Vendor and/or its Affiliates and constitutes a legal, valid and binding agreement of the Vendor enforceable against it in accordance with its terms, subject to any limitation under Applicable Laws relating to: (i) bankruptcy, winding-up, insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other laws of general application affecting the enforcement of creditors' rights; and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
- (g) **Contracts and Licenses and Permits.** Schedule 2.1(a) lists each Contract and License and Permit that is related to the operation of the Power Business and that are necessary for the Vendor to conduct the Power Business as it is presently conducted through to Closing. Each such Contract, including the Credit Agreements, and License and Permit is valid, unamended and binding on the Vendor and/or its Affiliates in accordance with its terms and is in full force and effect. Neither the Vendor nor (to the Vendor's knowledge) any other party thereto is in breach of or default under (or is alleged to be in breach of or default under), or has provided or received any notice of any intention to terminate, any such Contract, including the Credit Agreements, or License and Permit, except in each case with respect to the transactions contemplated by the Transaction Documents for which Consents have been or will be obtained. To the Vendor's knowledge, no event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default or breach under any such Contract, including the Credit Agreements, or License and Permit or result in a termination thereof or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder, except in each case with respect to the transactions contemplated by the Transaction Documents for which Consents have been or will be obtained. There are no disputes pending or, to the Vendor's knowledge, threatened under any such Contract, including the Credit Agreements, or License and Permit.
- (h) **Purchased Assets.** The Purchased Assets comprise all assets, interests and rights of the Power Business and all assets, interests and rights as are necessary to carry on the business of the operation of the Power Plant and the generation, marketing and sale of electricity. The Purchased Assets, including the Power Plant and all buildings,

plants, structures, furniture, fixtures, machinery, equipment and other personal property included in the Purchased Assets are structurally sound, are in good operating condition and repair and are adequate for their intended uses, subject to the deficiency list as provided from the Vendor to the Purchaser.

- (i) **Site Map.** Schedule 2.1(e) is an accurate depiction of the portion of the Mazeppa Site which is used for the operation of the Power Business.
- (j) **Real Property.** Vendor has good fee simple title, free and clear of all Encumbrances, except Permitted Encumbrances, to the Leased Property. Vendor has not leased or otherwise granted to any Person the right to use or occupy the Leased Property or any portion thereof, except to the Purchaser or pursuant to any Permitted Encumbrances. There are no unrecorded outstanding options, rights of first refusal to purchase the Leased Property or any portion thereof. Vendor has not received any written notice of (i) violations of building codes and/or zoning ordinances or other laws or regulations affecting the Leased Property, (ii) existing, pending or threatened expropriation proceedings affecting the Leased Property or (iii) existing, pending or threatened zoning, building code or other moratorium proceedings, or similar matters which would reasonably be expected to adversely affect the ability of the Purchaser to operate the Leased Property.
- (k) **Litigation.** There are no actions, suits, appeals, claims, applications, investigations, orders, proceedings, grievances, arbitrations or alternative dispute resolution processes in progress, pending, or to the Vendor's knowledge, threatened against the Vendor, which prohibits, restricts or seeks to enjoin the transaction contemplated by any Transaction Document or which could have an adverse effect on the Power Business of any Purchased Assets.
- (l) **Compliance with Laws.** The Vendor is in compliance with all Applicable Laws in connection with the conduct of the Power Business or the ownership and use of the Purchased Assets and has complied with all Applicable Laws in connection with the design and construction of the Power Plant. The Vendor is now complying, in all material respects, with all Licenses and Permits and has complied with all Licences and Permits in connection with the design and construction of the Power Plant.
- (m) **Environmental Matters.**
 - (i) Vendor has provided or otherwise made available to Purchaser and listed in Schedule 4.1(m): (A) all material environmental reports, studies, audits, records, site assessments, risk assessments and other similar documents with respect to the Power Business or the Purchased Assets which are in the possession or control of Vendor related to compliance with Environmental Laws or Environmental Liabilities or any notices in respect thereof or in respect of any releases of hazardous materials given by a Governmental Authority (the "Environmental Reports"); and (B) any and all material documents concerning planned or anticipated capital expenditures required to reduce, offset, limit or otherwise control pollution and/or emissions, manage waste or otherwise ensure compliance with current or future Environmental Laws (including, costs of remediation, pollution control equipment and operational changes).

- (ii) The operations of Vendor with respect to the Power Business and the Purchased Assets are currently in compliance with all Environmental Laws. Vendor has not received from any Person, with respect to the Power Business or the Purchased Assets, any: (A) notice in respect of or alleging any Environmental Liability or any violation, infraction or non-compliance with or under Environmental Law; or (B) written request for information pursuant to Environmental Law, which, in each case, either remains pending or unresolved, or is the source of ongoing obligations or requirements as of the date hereof.
- (iii) Vendor and its Affiliates have obtained all Licenses and Permits related to Environmental Laws (including those listed on Schedule 2.1(a)), all of which are necessary for the conduct of the Power Business in or the ownership, operation or use of the Purchased Assets, and all such Licenses and Permits are in full force and effect. Vendor is in compliance with all such Licenses and Permits. There is no condition, event or circumstance that would reasonably be expected to prevent or impede either the transferability of such Licenses and Permits to the Purchaser as at the Closing Date or the ability of the Purchaser to operate pursuant to or under such Licenses and Permits from and after the Closing Date.
- (iv) Other than as disclosed in the Environmental Reports, and to Vendor's knowledge, there has been no release of Contaminants in contravention of Environmental Law with respect to the Power Business or the Purchased Assets, and Vendor has not received any notice that any of the Power Business or the Purchased Assets (including soils, groundwater, surface water, buildings and other structure located on the Leased Property or relating to the Power Business) has been contaminated with any Contaminants which could reasonably be expected to result in an Environmental Liability against, or a material violation of Environmental Law or term of any Licenses and Permits by, Vendor or Purchaser.
- (n) **Employment Matters.** The Purchaser is not and shall not be bound by any collective bargaining agreement which may be in existence between the Vendor and any representatives of the Vendor's employees, nor is the Purchaser bound or deemed to assume, implement or continue any wages, terms and conditions of employment or benefit plans which may currently exist for the Vendor's employees. In no event shall any liabilities relating to the foregoing be included in the Assumed Liabilities.
- (o) **Residence of the Vendor.** The Vendor is not, and will not be at the Closing Date, a non-resident of Canada for the purposes of the ITA.
- (p) **Title to Purchased Assets.** The Purchased Assets are owned by the Vendor and will be transferred upon Closing free and clear of all Encumbrances, except for Permitted Encumbrances.
- (q) **No Options, etc. to Purchase Assets.** Except for the Purchaser's rights under the Transaction Documents, no Person has any contractual right or privilege for the purchase or other acquisition from the Vendor of any of the Purchased Assets.

- (r) **GST/HST Registration.** The Vendor is registered for the purposes of Part IX of the ETA and has been assigned registration number 77614 0300 RT0001.

5. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

5.1 Representations and Warranties of the Purchaser

The Purchaser represents and warrants as follows to the Vendor and acknowledges and confirms that the Vendor is relying on such representations and warranties in connection with the sale by the Vendor of the Purchased Assets:

- (a) **Organization and Power.** The Purchaser is a limited partnership organized and existing under the Applicable Laws of its jurisdiction of organization and has the power to enter into and carry out the transactions contemplated by each Transaction Document that it is a party thereto.
- (b) **Due Authorization.** The execution and delivery by the Purchaser of each Transaction Document that it is a party thereto, and the performance by the Purchaser of its obligations thereunder, have been, or will be at or prior to Closing, authorized by all necessary action on the part of the Purchaser and its general partner.
- (c) **No Conflict.** The execution and delivery by the Purchaser of each Transaction Document that it is a party thereto, and the performance by the Purchaser of its obligations thereunder:
 - (i) do not and will not constitute or result in a violation or breach of, or conflict with, or allow any Person to exercise any rights under, any of the terms or provisions of its constating documents;
 - (ii) do not and will not constitute or result in a breach or violation of, or conflict with or allow any Person to exercise any rights under, any contract, license, lease or instrument to which it is a party, and, further, provided that such breach or violation, if not cured within 30 days, would materially adversely affect the ability of the Purchaser to consummate the transactions contemplated therein; and
 - (iii) do not result in the violation of any Applicable Laws, where such violation, if not cured within 30 days, would materially adversely affect the ability of the Purchaser to consummate the transactions contemplated therein.
- (d) **Required Authorizations.** Except as have already been obtained or will be obtained on or prior to the Closing Date, or Customary Post-Closing Consents, no filing with, notice to or authorization of any Governmental Authority is required on the part of the Purchaser as a condition to the lawful completion of the transactions contemplated by any Transaction Document where the failure to make the filing, give the notice or obtain the authorization would materially adversely affect the ability of any Party to consummate the transactions contemplated herein.
- (e) **Execution and Binding Obligation.** Each Transaction Document that the Purchaser is a party thereto has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding agreement of the Purchaser, enforceable against

it in accordance with its terms, subject only to any limitation under Applicable Law relating to: (i) bankruptcy, winding-up insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other similar Applicable Law of general application affecting creditors' rights; and (ii) the discretion that a court may exercise in the granting of equitable remedies including specific performance and injunction.

- (f) **Litigation.** There are no actions, suits, appeals, claims, applications, investigations, orders, proceedings, grievances, arbitrations or alternative dispute resolution processes in progress, pending, or to the Purchaser's knowledge, threatened against the Purchaser, which prohibits, restricts or seeks to enjoin the transactions contemplated by any Transaction Document.

6. [RESERVED]

7. CONDITIONS OF CLOSING

7.1 Conditions for the Benefit of the Purchaser

The obligation of the Purchaser to complete the purchase of the Purchased Assets and to assume the Assumed Liabilities as contemplated by this Agreement is subject to the satisfaction of each of the following conditions by the dates set forth below, or if no date is set forth then by the Closing:

- (a) **Representations and Warranties.** The representations and warranties of the Vendor contained in this Agreement shall be true and correct in all material respects at the date hereof and at the Closing (unless such representation and warranty is already subject to a materiality qualification, in which case it shall be true and correct in all respects at the date hereof and at the Closing) as if made at and as of each such date and time;
- (b) **Covenants.** Each of the covenants and agreements of the Vendor to be performed prior to or at the Closing shall have been duly performed in all material respects; and
- (c) **Closing Deliveries.** The Purchaser shall have received from the Vendor each of the items set out in Section 8.3 of this Agreement.

The foregoing conditions are for the exclusive benefit of the Purchaser and may be waived, in writing, by the Purchaser, at or prior to the applicable time for satisfaction of such conditions and if they are not satisfied or waived at or prior to the applicable times, then this Agreement shall at such time cease to be of any force or effect.

7.2 Conditions for the Benefit of the Vendor

The obligation of the Vendor to complete the sale of the Purchased Assets as contemplated by this Agreement is subject to the satisfaction of each of the following conditions:

- (a) **Representations and Warranties.** Each of the representations and warranties of the Purchaser contained in this Agreement shall be true and correct in all material respects at the date hereof and at the Closing (unless such representation and warranty is already subject to a materiality qualification, in which case it shall be true

and correct in all respects at the date hereof and at the Closing) as if made at and as of each such date and time; and

- (b) **Covenants.** Each of the covenants and agreements of the Purchaser to be performed prior to or at the Closing shall have been duly performed in all material respects.
- (c) **Closing Deliveries.** The Vendor shall have received from the Purchaser each of the items set out in Section 8.4 of this Agreement.

The foregoing conditions are for the exclusive benefit of the Vendor and may be waived, in writing, by the Vendor, at or prior to the applicable time set for the satisfaction of such conditions and if they are not satisfied or waived at or prior to the applicable time(s), then this Agreement shall at such time cease to be of any force or effect.

7.3 Mutual Condition

The obligation of the Vendor to complete the sale of the Purchased Assets contemplated by this Agreement and of the Purchaser to complete the purchase of the Purchased Assets as contemplated by this Agreement is subject to the conditions that on or before the Closing:

- (a) no judgment, injunction, order or decree of a court or administrative tribunal of competent jurisdiction and no law shall have been proposed, made, issued or applied to prohibit or prevent the transactions contemplated by each Transaction Document or the operation of any material component of the Power Business.

The foregoing condition is inserted for the mutual benefit of the Vendor and the Purchaser and may be waived in whole or in part only if jointly waived by the Vendor and the Purchaser.

8. CLOSING MATTERS

8.1 Closing

The Closing of the sale and purchase of the Purchased Assets shall, subject to the satisfaction or waiver of the conditions set out in Article 7, take place at the offices of the Vendor at the Closing, or at such other place, time and date as the Parties may agree (the "**Closing**"), which shall be no later than December 15, 2015 unless the Parties otherwise agree in writing.

8.2 Sales and Transfer Taxes

The Purchaser shall be responsible to pay when due any property transfer, sales, GST/HST and similar Taxes, any Governmental Authority filing fees, and registration and transfer charges and fees payable in respect of the sale and transfer of the Purchased Assets, but excluding any income Taxes which may be payable by the Vendor in connection with the transfer of the Purchased Assets to the Purchaser. Where applicable and provided for by Applicable Law, the Purchaser shall pay directly to the appropriate Governmental Authority all such Taxes, charges and fees payable by it in respect of the purchase and sale of the Purchased Assets under this Agreement.

8.3 Vendor's Closing Deliveries

On the Closing Date, the Vendor shall execute and deliver to the Purchaser each of the following:

- (i) this Agreement;
- (ii) the Assignment and Assumption Agreement;
- (iii) the Lease;
- (iv) the Operating Agreement;
- (v) the Gas Purchase Agreement;
- (vi) the Electricity Purchase Agreement
- (vii) each Consent that the Vendor is a party thereto, other than in respect of those Contracts and Licences and Permits listed on Schedule 2.1(a) for which Consents are not obtained prior to Closing;
- (viii) a receipt for the Purchase Price payment in form and substance reasonably satisfactory to the Parties;
- (ix) a certified copy of the resolutions of the general partner of the Vendor, approving the Transaction Documents and the transactions contemplated thereby, which resolutions remain in full force and effect at the Closing;
- (x) a certificate signed by a senior officer of the Vendor, certifying as to the matters set forth in Section 7.1(a) and (b), in form and substance reasonably satisfactory to the Purchaser; and
- (xi) each other document as the Purchaser may reasonably request in connection with the transfer of the Purchased Assets to, and the assumption of the Assumed Liabilities by, the Purchaser and the consummation of the transactions contemplated by the Transaction Documents.

8.4 Purchaser's Closing Deliveries

On the Closing Date, the Purchaser shall deliver to the Vendor payment of the Purchase Price in accordance with Section 2.6 and shall execute and deliver to the Vendor each of the following:

- (i) this Agreement;
- (ii) the Assignment and Assumption Agreement;
- (iii) the Lease;
- (iv) the Operating Agreement;
- (v) the Gas Purchase Agreement;

- (vi) the Electricity Purchase Agreement
- (vii) each Consent that the Purchaser is a party thereto, other than in respect of those Contracts and Licences and Permits listed on Schedule 2.1(a) for which Consents are not obtained prior to Closing;
- (viii) a certified copy of the resolutions of the board of directors of the Purchaser, approving the Transaction Documents and the transactions contemplated thereby, which resolutions remain in full force and effect at the Closing;
- (ix) a certificate signed by a senior officer of the Purchaser, certifying as to the matters set forth in Section 7.2(a) and (b), in form and substance reasonably satisfactory to the Vendor;
- (x) payment contemplated under Section 2.4(a) hereof; and
- (xi) each other document as the Vendor or its counsel may reasonably request in connection with the transfer of the Purchased Assets to, and the assumption of the Assumed Liabilities by, the Purchaser and the consummation of the transactions contemplated by the Transaction Documents.

8.5 Terms of Closing

Closing shall not occur, nor shall the documents tabled for delivery at Closing be delivered, until all obligations of the Vendor and the Purchaser hereunder to be performed on or before Closing have been completed.

8.6 Elections

The Vendor and the Purchaser will utilize such exemptions as may be available, in respect of the transactions contemplated under this Agreement, under the ETA.

8.7 Books and Records

Following Closing, the Vendor shall deliver or make available to the Purchaser the Books and Records and such other records or copies thereof in the possession or control of the Vendor and/or its Affiliates which are necessary for or useful in the carrying on of the Power Business, including:

- (a) books, purchase orders, invoices and other documents, files, data and records of or relating to the Power Business; and
- (b) records relating to the original tax classification of the Purchased Assets by the Vendor or any predecessor corporation.

9. RISK OF LOSS

9.1 Risk of Loss

Until the Closing, the Purchased Assets will be and remain at the sole risk of the Vendor.

9.2 Pre-Closing Loss

Notwithstanding any other provision of this Agreement, if prior to Closing any of the Purchased Assets are destroyed or damaged by fire or any other casualty or shall be expropriated or seized by any Governmental Authority or any other lawful authority, the proceeds of insurance or compensation for such expropriation or seizure paid or payable to the Vendor shall, to the extent not applied to the repair or replacement of the subject Purchased Assets prior to Closing, be deemed to be included in the Purchased Assets without any adjustment to the Purchase Price and the Purchaser shall accept such proceeds, or the right to recover them, in replacement for the Purchased Assets so destroyed, damaged or expropriated.

10. POST-CLOSING MATTERS

10.1 Possession Following Closing

From and after Closing:

- (a) the Purchaser shall be entitled to take possession of and enjoy the Purchased Assets; and
- (b) subject to the terms of this Agreement, the Purchased Assets shall be at the risk of the Purchaser.

10.2 Retained Assets and Covenant to Transfer

- (a) Following the Closing, the Vendor shall, and shall cause its Affiliates to, where applicable, retain and hold in trust for the exclusive benefit and use of the Purchaser each:
 - (i) Contract and Licence and Permit or part thereof (including those listed on Schedule 2.1(a)) that are not transferred and assigned to Purchaser at Closing; and
 - (ii) each other Purchased Asset that is not transferred and assigned to the Purchaser at the Closing (including any Contracts, Licences and Permits not listed on Schedule 2.1(a) where Consents of a third party or Governmental Authority are required and cannot be or are not obtained prior to the Closing, or any other Purchased Assets not transferred at Closing for any reason),(each asset referred to in subsections (i) and (ii) above, a "**retained asset**").
- (b) Following the Closing, the Vendor covenants to, and shall cause its Affiliates to, at the Vendor's expense:
 - (i) upon the written request of the Purchaser, use commercially reasonable efforts to effect the transfers of the retained assets (or such portion thereof as may be requested by the Purchaser) to the Purchaser or its nominee as soon as practicable and shall make use of any retained asset only in accordance with this Agreement or the express directions of the Purchaser;

- (ii) take all such actions and do all such things as may be reasonably and lawfully designed to provide the economic and other benefits of each retained asset to the Purchaser, while such retained asset remains in possession or control of the Vendor and/or its Affiliates; and
- (iii) promptly pay over to the Purchaser all moneys collected by the Vendor and/or its Affiliates with respect to each retained asset.
- (c) To the extent that any retained asset cannot be transferred and assigned to the Purchaser, the Vendor covenants to, and shall cause its Affiliates to take all such actions and do all such things as may be reasonably and lawfully designed to provide the economic and other benefits of any retained asset to the Purchaser.

10.3 Access to Information

Each Party shall:

- (a) permit the other Party to have access to review and shall furnish (or provide copies or extracts of) all documents, records and information relating to the Power Business for periods prior to the Closing Date as shall be reasonably requested by such other Party from time to time, including those required in connection with governmental demands or inquiries and litigation or other proceedings;
- (b) preserve all such documents, records and information intact at such Party's head office, for not less than seven (7) years (or such longer period as may be required by Applicable Law) and such Party will not intentionally destroy any such documents, records or information without the prior written consent of the other Party; and
- (c) make its employees available to the other Party when reasonably required in connection with governmental demands or inquiries and litigation or other proceedings after the Closing Date in connection with the Power Business.

10.4 Access to Assets

Following the Closing, the Vendor shall provide the Purchaser with access to any Purchased Assets which are not located on the Leased Property (including, without limitation, access to the Power Plant control equipment located in the Gas Plant control room) and shall allow the Purchaser or its employees, contractors, agents or other representatives to enter on to the Vendor's property for such purposes, in accordance with reasonable safety policies of the Gas Plant, such safety policies to be in accordance with industry standards, and provided that the Vendor shall cooperate with the Purchaser to ensure it has sufficient access, at all times, to operate the Power Business. Purchaser shall provide the Vendor with access to any assets retained by the Vendor which are located on the Leased Property and shall allow the Vendor or its employees, contractors, agents or other representatives to enter onto the Leased Property for such purposes.

10.5 Regulatory Cooperation

Following the Effective Date, each of the Vendor and the Purchaser shall cooperate to obtain any regulatory approvals, licenses, permits, approvals of Governmental Authorities, approvals of third parties or take such other actions as may be necessary or desirable in the operation, maintenance, disposition, transfer or otherwise related to the ownership of the Gas Plant business or the Power

Business at the reasonable request of the other party. The requesting party shall bear the costs of any such actions and shall indemnify the other party from any losses suffered as a result of such actions.

10.6 Post-Closing Environmental Obligations

The Purchaser and Vendor acknowledge that upon Closing, the Purchaser shall become responsible for the payment, performance and discharge of the Power Business Environmental Obligations and, for greater certainty, that the Purchaser shall not become responsible for the payment, performance and discharge of the Other Environmental Obligations which shall remain the responsibility of the Vendor.

10.7 Post-Closing Contracts, Licences and Permits Obligations

The Purchaser and Vendor acknowledge that upon Closing, the Purchaser shall become responsible for the payment, performance and discharge of all obligations under the Contracts and Licences and Permits but only to the extent that such obligations thereunder are required to be performed after the Closing Date and do not relate to any failure to perform, breach, default or violation by the Vendor and/or its Affiliates.

11. SURVIVAL

11.1 Survival

The representations and warranties contained in this Agreement shall survive the Closing and continue in full force and effect for a period of 12 months after the Closing Date, except that the representations and warranties set out in Sections 4.1(a), 4.1(b), 4.1(f), 4.1(h), 4.1(m), 4.1(n), 4.1(p), 4.1(q), 5.1(a), 5.1(b) and 5.1(e) shall survive and continue in full force and effect without limitation of time.

12. MISCELLANEOUS

12.1 Amendment and Modification; Waiver

This Agreement may only be amended or modified in writing, signed by all of the Parties. No waiver in writing of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

12.2 Entire Agreement

This Agreement (including without limitation, the Transaction Documents and other agreements and documents in writing contemplated to be delivered hereunder or herewith as of the date of this Agreement) contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters.

12.3 No Other Representation

No director, officer, employee or agent of any Party has any authority to make any representation, warranty or covenant not contained in this Agreement, and each Party agrees that it has executed this Agreement without reliance upon any such representation or promise.

12.4 Parties in Interest

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns and, to the extent third parties are named as beneficiaries of a release, indemnity or other covenant hereunder or under any document or instrument delivered pursuant hereto, such third parties shall be entitled to enforce such provisions even though they are not a party hereto and any Party hereto may, with the consent of such third party, enforce such provisions on their behalf. Except as expressly provided in this Section 12.4, no third parties shall be beneficiaries of or have any interest in this Agreement.

12.5 Notices

Every notice, request, demand or communication required or permitted to be given under this Agreement shall be in writing and delivered by hand or facsimile transmission to the Party which it is to be given as follows:

To the Vendor:

MFC Processing Partnership
Suite 400 - 1035 7th Avenue SW
Calgary, Alberta
T2P 3E9

Facsimile: 403-652-1369
Attention: President of General Partner

To the Purchaser:

MFC Power Limited Partnership
Suite 400 - 1035 7th Avenue SW
Calgary, Alberta
T2P 3E9

Facsimile: 403-652-1369
Attention: President of General Partner

or to such other address or facsimile number as is specified by a Party by notice to the other Party given in accordance with this Section. Any such notice, demand, request or direction shall be deemed to have been given and received if delivered, on the next Business Day after the day of delivery, and if sent by facsimile transmission, on the first Business Day after the day of transmittal.

12.6 Assignment

The Purchaser may assign any of its right, benefit or interest in this Agreement without consent of the Vendor. The Vendor may not assign any right, benefit or interest in this Agreement without the written consent of the Purchaser.

12.7 Time of Essence

Time is of the essence in this Agreement.

12.8 Further Assurances

The Vendor covenants and agrees that, prior to, on and following the Closing Date, it shall act in good faith with respect to the satisfaction of its obligations under this Agreement, and, at the reasonable request of the Purchaser, shall, at its own (unless otherwise provided in this Agreement) expense, take all such actions and do all such things and, as the case may be, execute and deliver or furnish such additional agreements, documents and instruments as may, from time to time, be necessary or reasonably desirable to better effectuate the transactions contemplated by this Agreement.

12.9 Power of Attorney

The Vendor hereby irrevocably nominates, constitutes and appoints the Purchaser as its true and lawful attorney to act on its behalf with full power and authority in its name, place and stead to execute and deliver on the Vendor's behalf and in its name and record or file as and where required in the opinion of Purchaser any certificate, agreement and any other instruments or documents required to effect the transfer of the Purchased Assets to the Purchaser in accordance with the terms of this Agreement or otherwise complete the transactions contemplated herein or in the Transaction Documents. The power of attorney granted in this Section 12.9 is irrevocable, is a power coupled with an interest, shall survive the bankruptcy or insolvency of the Vendor, and may be exercised by the Purchaser on behalf of and in the name, place and stead of the Vendor in executing any instrument by a facsimile or original signature, with the indication that it is acting on behalf of the Vendor. The Vendor agrees to be bound by any statements and actions made or taken by the Purchaser pursuant to the power of attorney granted in this Section 12.9 and hereby waives any and all defences which may be available to negate or disaffirm the action of the Purchaser taken in good faith under such power of attorney.

12.10 Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

12.11 Governing Law and Court Jurisdiction

This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the laws of Canada applicable therein and the parties attorn to the exclusive jurisdiction of the Court of Queen's Bench of Alberta in relation to any matter relating to this Agreement.

12.12 Counterparts

This Agreement and any amendments hereto may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall be considered one and the same agreement. A signed facsimile, telecopied or electronic copy (including Portable Document Format) of this Agreement shall be effectual and valid proof of execution and delivery.

IN WITNESS WHEREOF, this Agreement has been signed on behalf of each of the Parties as of the date first written above.

MFC PROCESSING PARTNERSHIP

By: MPP LTD., its General Partner

By: 

Authorized Signatory

Name: Robert Chenery

Title: Director

MFC POWER LIMITED PARTNERSHIP

By: MFC POWER GENERAL PARTNER
LTD., its General Partner

By: _____

Authorized Signatory

Name:

Title:

IN WITNESS WHEREOF, this Agreement has been signed on behalf of each of the Parties as of the date first written above.

MFC PROCESSING PARTNERSHIP

By: MPP LTD., its General Partner

By: _____

Authorized Signatory

Name:

Title:

MFC POWER LIMITED PARTNERSHIP

**By: MFC POWER GENERAL PARTNER
LTD., its General Partner**

By: _____

Authorized Signatory

Name: Samuel Morrow

Title: Director.

Schedule 2.1(a)

Purchased Contracts and Licences and Permits

Alberta Utilities Commission and Municipal District of Foothills No.31 Power Plant Approvals and Permits

- 1) Alberta Utilities Commission's Approval 20366-D02-2015 for the Construction and Operation of the Mazeppa Power Plant, dated April 22, 2015;
- 2) Alberta Utilities Commission's Connection Order No. U2014-155 for the Connection of the Mazeppa Power Plant to FortisAlberta Inc.'s Distribution System, dated April 15, 2014;
- 3) The Power Plant Building Permit from the Municipal District of Foothills No. 31, dated May 21, 2014;

Alberta Electric System Operator Approvals, Authorizations, and Contracts:

- 4) Registration of MFC Processing Partnership as a Participant under the Automated Dispatch and Messaging System;
- 5) Registration of MFC Processing Partnership as a Participant under the Energy Trading System;
- 6) Retailer ID for MFC Processing Partnership;
- 7) Retail/Self Retail Asset Addition Request Form – Distribution Connection, dated June 19, 2015;
- 8) Alberta Electric System Operator ("AESO") Approval of Enmax Commercial Services Inc. ("Enmax") to act as Agent on behalf of MFC Processing Partnership, dated April 17, 2015;
- 9) AESO Letter Approval for the Pool Asset MFG 1, dated April 13, 2015;
- 10) AESO Letter Approval for MFC Processing Partnership to become a Pool Participant, dated April 16, 2015;
- 11) AESO Letter Approval of MFC Processing Partnership to become a participant in the Alberta Electric System Operator as a retailer, dated June 18, 2015;

Enmax Appointments and Contracts:

- 12) Appointment of Enmax as Agent for MFC Processing Partnership as a Retailer, dated April 29, 2015;
- 13) Enmax Self Retail Services Agreement between Enmax and MFC Processing Partnership, dated April 21, 2015;

FortisAlberta Inc. Authorizations and Contracts

- 14) Authorization for the Release of Customer Information by FortisAlberta Inc. to a Third Party and Customer Consent, dated September 29, 2014;
- 15) Interconnection Agreement for Generator Interconnection to the Electric Distribution System between MFC Processing Partnership and FortisAlberta Inc., dated March 19, 2015;

- a. Interconnection Agreement authorizes a maximum export of 13.5 MW to FortisAlberta Inc., such authorization currently undergoing an application to increase the maximum export to 16.5 MW;
- 16) Historical Consumption Request Agreement between MFC Processing Partnership and FortisAlberta Inc., dated May 14, 2015;
- 17) Operating Procedures Document for LSD NE 35-19-28-W4;
- 18) Retail Service Agreement for the Provision of Distribution Access Service between MFC Processing Partnership and FortisAlberta Inc., dated April 27, 2015;
- 19) Letter from FortisAlberta Inc. Regarding the Quotation Package for Electrical Service, dated October 27, 2014;

AltaLink Management Ltd. Contracts:

- 20) Electric Distribution Lines Utility Right of Way Agreement between MFC Processing Partnership and AltaLink Management Ltd. dated March 11, 2015;
- 21) Industrial Land Lease between AltaLink L.P. and MFC Resource Partnership, dated December 4, 2014;
- 22) AltaLink D.0541 High River 65s Transfer Trip DG Information Package – Design Basis Memorandum between AltaLink and MFC Processing Partnership, dated December 16, 2014;

Midas Metering Services Ltd. Contract:

- 23) Metering Data Management Service Agreement between MFC Processing Partnership and Midas Metering Services Ltd., dated April 1, 2015;

Insurance Contracts:

- 24) Insurance Contract for the Power Plant, dated June 20, 2014;
- 25) Extension of Insurance for the Mazeppa Power Plant, dated March 20, 2015;

EPS Energy Canada Ltd. Contract and Change Orders:

- 26) Design-Build Stipulated Price Contract between MFC Processing Partnership and EPS Energy Canada Ltd. dated April 4, 2014;
- 27) Change Order #1 – Fortis MVI & New Customer PCC – Revision 1 from EPS, dated September 29, 2014;
- 28) Change Order #3 Rev 1 – Revenue Metering from EPS, dated December 1, 2014;
- 29) Change Order #4 – Spare Parts for Transformers, Switchgear & Low Voltage from EPS, dated February 6, 2015;
- 30) Change Order #5 – Rev 1 – First fill of fluids from EPS, dated February 19, 2015;
- 31) Change Order #6 – Estimate #196 from EPS, dated March 11, 2015; and
- 32) Change Order #7 – Revision 1 from EPS, dated July 2, 2015.

Environmental Protection and Enhancement Act

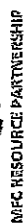
- 33) Approval No. 10318-02-00 dated February 21, 2008, as amended by Amending Approval No. 10318-02-01, dated June 3, 2014, as it pertains to the construction, operation and reclamation of the Power Plant only.

B-1

Schedule 2.1(e)

Power Plant Site Map

(Please see attached.)



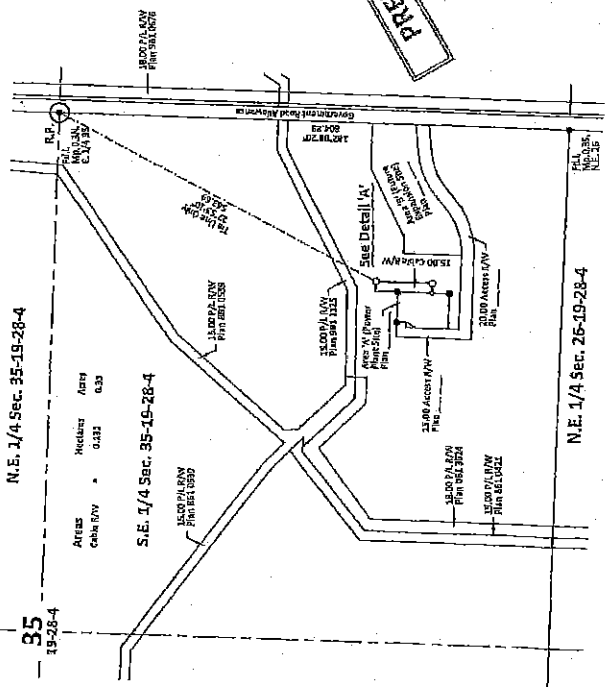
MFC Mazeppa Plant Site
Facility Plan Showing
Area 'A' (Power Plant Site)
Area 'B' (Future Expansion Site)

**S.E. 1/4 Section 35,
Township 19, Range 28, W. 4th Meridian
Municipal District of Fort Hills No. 31**

Alberta
Scale 1: 1000

PRELIMINARY

[illegible]

A.D. Registrar
and Titles Office

○

Legend	
●	1. Discovery from post found
○	2. Statority from post placed
△	3. Survey control marker found
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Surveyor Arthur M. Miller, A.L.S.,

Surveyed on the date of November 26th, 2015

In accordance with the provisions of the Surveys Act,

MFC RESOURCE PARTNERSHIP

Plan Showing Survey of
Cable Right - of - Way
within
S.E. 1/4 Section 35,
Township 19, Range 28, W. 4th Meridian
Municipal District of Foothills No. 31
Alberta

Scale 1 : 5000

No.		Preliminary	Final	Revised	Survey Date	Cal./Ck.	Grth
D	D	Dec 2/13	-	Revised	As/Nov. 20/13	alt	M/D
Project Document I.D.					Project Name: 1546070065 - 154		
Project Document I.D.					Project Name: 1546070065 - 154		

Schedule 2.1(f)

Other Purchased Assets

1. Cabling connecting the Power Plant to the Power Plant equipment in the Gas Plant Control Room.
2. All equipment located in the Gas Plant Control Room.
3. All spare parts and engines located on the Mazeppa Site.
4. The control room communication tower.
5. All assets, including electric lines and transformers connecting the Power Plant to the FortisAlberta Inc. transformer located on the Mazeppa Site.

Schedule 2.2

Excluded Assets

1. The portion of the fuel gas line running from the Gas Plant inlet separator building across a portion of the Leased Property to the isolation valve at the Power Plant, as more particularly identified on Schedule 2.1(e).
2. Fee simple title to the Leased Property.
3. T3 Transformer connecting Power Plant to Gas Plant.
4. Switchgear buildings.
5. Flare stack guy wires.

Schedule 2.5**Allocation Schedule**

	Amount	Allocation
Class 8	\$34,552,314	82.12%
Class 1	\$7,523,080	17.88%
Total	\$42,075,394	100%

Schedule 3.1

Excluded Liabilities

1. All direct and indirect liabilities related to the employees of the Vendor, other than as set forth in the Operating Agreement, including liabilities, in respect of Vendor's unionized workforce.
2. All direct and indirect liabilities (including, for certainty, liabilities for loss of profits or contribution, loss of use of property or other consequential damages) suffered, sustained, paid or incurred by Purchaser relating to the breach by Vendor (or any of its Affiliates) of the covenants set forth in Section 10.2.
3. Any direct and indirect liabilities that are not Assumed Liabilities or not otherwise specifically assumed by the Purchaser under the Agreement.

Schedule 4.1(m)

Environmental Reports

1. Letter from Stantec Consulting Ltd. to Compton Petroleum Corporation dated August 1, 2013 re: Mazeppa Gas Processing Facility Large Facility Liability 2013 Update; and
2. Mazeppa Gas Plant Asset Retirement Obligations Assessment Final Report dated December 2014, by Stantec Consulting Ltd.

I-1

Exhibit A

Form of Assignment and Assumption Agreement

GENERAL ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS AGREEMENT is made as of the _____ day of _____, 2015.

BETWEEN:

MFC PROCESSING PARTNERSHIP, a limited partnership
organized under the laws of Alberta with an office at Suite 400 -
1035 7th Avenue SW, Calgary, Alberta, T2P 3E9

(the "Assignor")

AND:

MFC POWER LIMITED PARTNERSHIP, a limited
partnership organized under the laws of the Province of British
Columbia, having an office at Suite 400 - 1035 7th Avenue SW,
Calgary, Alberta, T2P 3E9

(the "Assignee")

WHEREAS:

- A. On August 31, 2015 the Purchaser and the Vendor entered into an asset purchase agreement (the "**Asset Purchase Agreement**") pursuant to which the Vendor has agreed to sell, assign and transfer to the Purchaser, and the Purchaser has agreed to purchase from the Vendor, the Purchased Assets (as defined in the Asset Purchase Agreement); and
- B. The Purchased Assets include certain contractual rights and obligations, and the parties have agreed to enter into this Agreement to effect the assignment and assumption of the same from the Vendor to the Purchaser.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants herein contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto covenant and agree as follows:

1. INTERPRETATION

- 1.1 Capitalized terms used in this Agreement, unless otherwise defined, have their respective meanings as set forth in the Asset Purchase Agreement, unless the context of this Agreement otherwise requires.
- 1.2 This Agreement is made pursuant to and subject to the provisions of the Asset Purchase Agreement, and in the event of any conflict or inconsistency between the terms and conditions of the Asset Purchase Agreement and the terms and conditions hereof, the terms and conditions of the Asset Purchase Agreement shall prevail.

2. GENERAL ASSIGNMENT

- 2.1 The Vendor hereby absolutely transfers, assigns, conveys and sets over to the Purchaser, effective as of 12:01 a.m. on the Effective Date, such of the Purchased Assets which are assignable or which may be conveyed (collectively, the "Assigned Assets") and all rights, benefits and advantages derived or to be derived therefrom, to have and to hold unto the Purchaser, its successors and assigns, to its exclusive use forever, with full power to the Purchaser to take all measures for the full recovery and enjoyment of the rights and provisions which are the subject thereof, as the Vendor, for this Agreement, might itself have taken.

3. ASSUMPTION

- 3.1 At the Effective Time, the Purchaser shall assume and be responsible for the Assumed Liabilities (as defined in the Asset Purchase Agreement) and the Purchaser shall also assume and be responsible for:

- (a) Environmental Obligations - all obligations and liabilities of the Vendor relating to the environmental condition of the Purchased Assets or the operation of the business, regardless of whether such condition arose prior to the Effective Time;
- (b) Obligations Relating to the Power Business - the performance, fulfillment and payment of all obligations, commitments and liabilities which are to be performed or fulfilled in respect of the following:
 - (i) the Permitted Encumbrances;
 - (ii) the Contracts and the Licences and Permits; and
 - (iii) the operation of the Power Business in the normal course; and
- (c) Other Obligations - all covenants, conditions, indebtedness, liabilities and obligations of the Vendor relating to the Power Business whatsoever, assumed, created, incurred or otherwise made, whether voluntary or involuntary and however arising, whether due or not due, liquidated or unliquidated, determined or undetermined, absolute or contingent, express or implied on another individual or joint or joint and several with others, on or before the Effective Time or arising after the Effective Time from any circumstance, condition, event or fact existing at or arising before the Effective Time, including those contained in or arising as a result of the transfer or assignment of any Contract and including those relating to warranty obligations in respect of any Intellectual Property Right or licenced by Vendor to third parties on or before the Effective Time.

For greater certainty, the Purchaser shall not assume or be responsible for the Excluded Liabilities.

4. REQUIRED CONSENTS

- 4.1 Where a consent or approval of a third party (the "Required Consent") is required to permit the assignment by the Vendor, and concurrent assumption by the Purchaser, of any

of the Assigned Assets, the assignment and assumption of those Assigned Assets in respect of which the required consent or approval has not been received on or before the Effective Date (the "**Retained Rights and Benefits**") shall not be effective in each case until the applicable consent or approval has been received.

- 4.2 Until such time as the Required Consent has been obtained with respect to any of the Retained Rights and Benefits, it shall be held by the Vendor following the Effective Date in trust for the benefit and exclusive use of the Purchaser.

5. **FURTHER ASSURANCES**

- 5.1 Each of the parties shall, from time to time, execute and deliver such further documents, transfers, assignments, assurances and instruments and do such further acts and things as may be reasonably required for the better carrying out of the provisions and intent of this Agreement, including, without limitation, executing and delivering separate assignment and assumption agreements directly with persons which are required as a condition of consent or approval in connection with the transfer or assignment and assumption of any of the Assigned Assets to the Purchaser. Where any of the Assigned Assets are not transferable by assignment, transfer or conveyance, each of the parties shall execute and deliver such further documents, transfers, assignments, assurances and instruments and do such further acts and things as may be reasonably required for the purpose of novating or otherwise transferring the Assigned Assets to the Purchaser.

6. **ENUREMENT**

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

7. **GOVERNING LAW**

- 7.1 This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

8. **FACSIMILE AND COUNTERPARTS**

- 8.1 This Agreement may be executed in any number of counterparts with the same effect as if all parties had signed the same document. All counterparts will constitute one and the same agreement. This Agreement may be executed and transmitted by facsimile or electronic transmission and if so executed and transmitted this Agreement will be for all purposes as effective as if the parties had delivered an executed original Agreement.

[The remainder of this page is intentionally blank.]

IN WITNESS WHEREOF the parties have executed this Agreement with effect as of the date first written above.

MFC PROCESSING PARTNERSHIP, by
its general partner **MPP LTD.**

By: _____

Name: _____

Title: _____

MFC POWER LIMITED PARTNERSHIP,
by its general partner **MFC POWER**
GENERAL PARTNER LTD.

By: _____

Name: _____

Title: _____

J-1

Exhibit B

Form of Electricity Purchase Agreement

ELECTRICITY PURCHASE AGREEMENT

BETWEEN

MFC PROCESSING PARTNERSHIP

AND

MFC POWER LIMITED PARTNERSHIP

December 7, 2015

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ELECTRICITY PURCHASE AGREEMENT

THIS AGREEMENT dated for reference the _____ day of _____, 2015.

BETWEEN:

MFC PROCESSING PARTNERSHIP, a limited partnership organized under the laws of Alberta with an office at Suite 400 – 1035 7th Avenue SW, Calgary, Alberta, T2P 3E9

("MFCPP")

AND:

MFC POWER LIMITED PARTNERSHIP, a limited partnership organized under the laws of the Province of British Columbia having an office at Suite 400 – 1035 7th Avenue SW, Calgary, Alberta, T2P 3E9;

("MFC Power LP")

WHEREAS:

- A. MFCPP is the owner of certain gas processing operations and assets located in High River, Alberta (the "**Gas Plant**");
- B. MFC Power LP is the owner of a 16.5 mega-watt natural gas-fired power plant located in High River, Alberta (the "**Power Plant**");
- C. MFC Power LP has agreed to supply electricity to MFCPP for utilization in its gas processing facilities at the Gas Plant and MFCPP has agreed to purchase such electricity supply from MFC Power LP, all on the terms and conditions set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual premises, covenants and agreements set forth herein, the parties agree as follows:

PART 1 - INTERPRETATION

1.1 Definitions

In this Agreement (including the Recitals and Schedules hereto), except as otherwise expressly provided or as the context otherwise requires:

- (a) "Act" means the *Electric Utilities Act* (Alberta);
- (b) "AESO" means the "independent system operator", as defined by the Act and currently operating as and under the registered trade name "Alberta Electric System Operator", and its successors;
- (c) "AIES" has the meaning given to the term "interconnected electric system" in the Act;
- (d) "Applicable Law" means, in relation to any Person, asset, transaction or event, all applicable provisions, whether now or hereafter in effect, of laws, statutes, rules, regulations, official directives and orders of all federal, provincial, municipal and local governmental bodies (whether administrative, legislative, executive or otherwise) and judgments, orders and decrees of all courts, arbitrators, commissions or bodies exercising similar functions in actions or proceedings in which the Person in question is a party or by which it is bound or having application to the asset, transaction or event in question, and shall also include all rules, policies, procedures and guidelines of the AESO or the Market Surveillance Administrator, as defined in the Act, the breach of which could reasonably be expected to lead to an investigation or sanction;
- (e) "Business Day" means a day that is not a Saturday, Sunday or statutory holiday in Alberta;
- (f) "Claiming Party" has the meaning ascribed thereto at Section 2.10 hereof;
- (g) "COD" means the commercial operation date of the Power Plant, being August 31, 2015;
- (h) "Commencement Date" means December 7, 2015;
- (i) "Direct Sale" means the sale of Electricity by MFC Power LP to MFCPP effected under Section 2.1;
- (j) "Direct Sales Agreement" shall have the meaning set forth in the ISO Rules;
- (k) "Electricity" means the electric energy generated by the Power Plant, available for delivery at the Transfer Point, but for certainty excludes any electric energy

not available for delivery at the Transfer Point as a consequence of Force Majeure, Power Plant Scheduled Outages and Forced Outages;

- (l) **"Electricity Commitment"** means between 0 - 4 MWh of Electricity as specified within such range by MFC Power LP in accordance with Section 2.1 hereof;
- (m) **"Electricity Price"** means the AESO Pool Price for each particular hour, based on the Electricity supplied to MFCPP as metered pursuant to Section 2.5 plus \$25 per MWh;
- (n) **"Encumbrance"** means a security interest, mortgage, pledge, hypothecation, lien, claim or other title defect, encumbrance or charge whatsoever, whether or not registered or registrable;
- (o) **"Event of Default"** has the meaning assigned in Section 6.1.
- (p) **"Force Majeure"** means an event, condition, occurrence or circumstance which causes the delay or disruption of either Party to perform under this Agreement and which is beyond the reasonable control of the Party seeking to claim such event, condition, occurrence or circumstance as a Force Majeure event. Force Majeure shall include but not be limited to the following: (i) acts of God, landslides, lightning, earthquakes, fires or storms; (ii) the AIES is in a state of System Emergency; (iii) any other event or circumstance by reason of which the operation of the ISO or the Power Pool is affected such that electric energy cannot be physically received by MFCPP at the Site or the Power Pool is prevented from settling the transactions under this Agreement; (iv) actions or threatened actions of First Nations; (v) strikes, lockouts or other industrial disturbances; (vi) riots, sabotage, insurrections or wars; (vii) actions of governmental authorities such as those requiring compliance with any court order, administrative order, fine, penalty, enforcement order, directive, law, statute, ordinance or regulation promulgated by a governmental authority; (viii) the generation and/or delivery of Electricity from the Power Plant is disrupted by any event, condition, occurrence or circumstance which qualifies as an event of Force Majeure pursuant hereto; (ix) the receipt of Electricity from the Power Plant is disrupted by any event, condition, occurrence or circumstance which qualifies as an event of Force Majeure pursuant hereto; provided always that Force Majeure does not include: (x) a lack of financial resources or available funds or similar financial predicament; or (xi) an event, condition, occurrence or circumstance to the extent due to or resulting from a negligent act or omission, breach of contract, violation of Applicable Law, or similar wrongful act or omission on the part of the Party seeking to claim such event as a Force Majeure;
- (q) **"Forced Outage"** means: (i) an unplanned interruption of the capability of the Power Plant or any turbine comprising the Power Plant for all or any portion of a Settlement Interval to generate or deliver Electricity to the Transfer Point as the result of a malfunction of the turbines or other equipment within the Power Plant

or other unplanned component failure or reduction in component reliability, a response to an emergency at the Power Plant or to prevent an imminent emergency at the Power Plant or compliance with any Applicable Law; or (ii) the inability of the Power Plant to generate Electricity during any Settlement Interval as the result of the breach by MFCPP of its obligations to supply gas to MFC Power LP under the gas purchase agreement between MFCPP and MFC Power LP, dated of even date herewith;

- (r) **"Gas Assets"** means MFCPP's gas processing assets situate on the Gas Site including, or that will include, without limitation, its gas processing plant and related and ancillary assets necessary for the processing of sour gas;
- (s) **"Gas Facility"** means the Gas Site and the Gas Assets;
- (t) **"Gas Plant Scheduled Outages"** means scheduled shutdowns of all or a portion of the Gas Assets, from time to time, to effect maintenance and/or repair;
- (u) **"Gas Purchase Agreement"** means the gas purchase agreement between MFCPP and MFC Power LP, dated of even date herewith;
- (v) **"Gas Site"** means the land located in the southeast quarter of Section 35, Township 19, Range 28, west of the Fourth Meridian in High River, Alberta, as more particularly identified on Schedule B hereof;
- (w) **"ISO Rules"** means the rules of the AESO made under section 20 of the Act;
- (x) **"Lease"** means the lease agreement entered between MFCPP, MPP Ltd. and MFC Power LP, dated of even date herewith;
- (y) **"MFC Power LP Deficiency Amount"** has the meaning ascribed thereto at Section 2.10 hereof;
- (z) **"MFC Power LP Net Settlement Instruction Scheduling Deficiency"** has the meaning ascribed thereto at Section 2.10 hereof;
- (aa) **"MFC Power LP Net Settlement Instruction Scheduling Deficiency Amount"** has the meaning ascribed thereto at Section 2.10 hereof;
- (bb) **"MFCPP Deficiency Amount"** has the meaning ascribed thereto at Section 2.10 hereof;
- (cc) **"MFCPP Net Settlement Instruction Scheduling Deficiency"** has the meaning ascribed thereto at Section 2.10 hereof;
- (dd) **"MFCPP Net Settlement Instruction Scheduling Deficiency Amount"** has the meaning ascribed thereto at Section 2.10 hereof;

- (ee) **"MW"** means megawatt;
- (ff) **"MWh"** means megawatt hour;
- (gg) **"Net Settlement Instruction"** has the meaning attributed to "net settlement instruction" in the ISO Rules;
- (hh) **"Net Settlement Instruction Default"** has the meaning ascribed thereto at Section 2.10 hereof;
- (ii) **"Net Settlement Instruction Required Electricity"** has the meaning ascribed thereto at Section 2.10 hereof;
- (jj) **"Net Settlement Instruction Scheduled Electricity"** has the meaning ascribed thereto at Section 2.10 hereof;
- (kk) **"Parties"** means MFC Power LP and MFCPP, and **"Party"** means any one of them as the context requires.
- (ll) **"Permitted De-Registration Event"** has the meaning assigned in Section 2.8;
- (mm) **"Person"** includes an individual, corporation, partnership, joint venture, association, trust or unincorporated organization or any trustee, executor, administrator or other legal representative, or government official or ministry;
- (nn) **"Pool Asset"** has the meaning given to the term "pool asset" in the ISO Rules;
- (oo) **"Pool ID"** has the meaning given to the term "pool ID" in the ISO Rules;
- (pp) **"Pool Price"** has the meaning given to the term "pool price" in the ISO Rules;
- (qq) **"Pool Statement"** means a final "pool statement" as defined by, and issued in accordance with, the ISO Rules;
- (rr) **"Power Pool"** has the meaning given to the term "power pool" in the Act;
- (ss) **"Power Plant Scheduled Outages"** means scheduled shutdowns of all or a portion of the Power Plant, from time to time, to effect maintenance and/or repair;
- (tt) **"Registered Net Settlement Instruction"** means a Net Settlement Instruction registered with the AISO in respect of a Direct Sale as contemplated hereby;
- (uu) **"Settlement Interval"** has the meaning given to "settlement interval" in the ISO Rules;

- (vv) **"Site"** means the Pool Asset possessing Pool ID MFG1;
- (ww) **"System Emergency"** has the meaning given to "system emergency" in the ISO Rules;
- (xx) **"Term"** has the meaning set out in Section 5.1 hereof, being the period of time during which MFC Power LP will sell and MFCPP will purchase Electricity;
- (yy) **"Termination Date"** means the date on which this Agreement is terminated pursuant to Part 5;
- (zz) **"Transfer Point"** means the point at which Electricity passes from the Power Plant to the Gas Site as designated in Schedule A hereto;
- (aaa) **"Weekly Schedule"** has the meaning ascribed thereto at Section 2.5(i); and
- (bbb) **"year"** means, when calculating years in the Term, in the case of the first year of the Term, that period of time beginning on the Commencement Date and ending at 11:59 p.m. on that day which is a full twelve (12) consecutive months thereafter, and each subsequent year of the Term will be calculated and determined in the same manner. Unless the contrary intention is specified in this Agreement, each year in this Agreement will be calculated in the manner described in the foregoing sentence.

1.2 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or as the context otherwise requires:

- (a) this Agreement means this agreement, as amended from time to time, including the recitals and schedules hereto, as supplemented or amended from time to time;
- (b) the headings and captions are for convenience only and do not form part of this Agreement and will not be used to interpret, define or limit the scope, extent or intent of this Agreement or any of its provisions;
- (c) the word "including", when following a general term or statement, is not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as permitting it to refer to all other items or matters that could reasonably fall within its broadest possible scope;
- (d) all references to currency mean Canadian currency;

- (e) all references to a statute include every regulation made pursuant thereto, all amendments to the statute or to any such regulation in force from time to time, and any statute or regulation that supplements or supersedes such statute or any such regulation;
- (f) a reference to a time or date is to the local time or date at Calgary, Alberta;
- (g) if the time for making any payment or taking any action specified herein falls on a day other than a Business Day, the time for so paying or acting shall be extended to the next Business Day;
- (h) a reference to a Part means a Part of this Agreement and a reference to a Section followed by a number or some combination of numbers refers to the provision of this Agreement so designated and a reference to a Subsection followed by a number or some combination of numbers and a letter within a provision refers to a subsection within such provision;
- (i) a word importing the masculine gender includes the feminine or neuter and vice versa, a word importing the singular includes the plural and vice versa;
- (j) a reference to a particular corporation includes the corporation derived from the amalgamation of the particular corporation, or of a corporation to which such reference is extended by this Subsection 1.2(j), with one or more corporations; and
- (k) if this Agreement or any portion hereof is in effect for less than all of a year or month, other than as expressly provided herein, the rights and obligations of the respective parties will be modified in proportion to that proportion of the year or month that this Agreement or portion hereof is in effect.

1.3 Schedule

The following schedule to this Agreement is an integral part of this Agreement:

Schedule A – Transfer Point.
Schedule B – Map of Gas Site

PART 2 - ELECTRICITY COMMITMENT AND PAYMENT PROVISIONS

2.1 Purchase and Sale

Subject to and in accordance with the terms and conditions of this Agreement, and in accordance with the ISO Rules and other Applicable Laws, commencing as of the COD and continuing throughout the remainder of the Term, MFC Power LP will sell and deliver to MFCPP at the Transfer Point, and MFCPP will purchase and take from MFC Power LP at the Transfer Point, Electricity, free and clear of all Encumbrances and third party rights. MFCPP shall, upon

purchase and receipt thereof, only utilize such Electricity at its Gas Facility to operate its Gas Assets and related purposes, and shall not sell such Electricity to a third-party.

2.2 Payment

- (a) By no later than the 15th day of the following month, MFC Power LP shall invoice MFCPP for all the payment obligations incurred by MFCPP or MFC Power LP as the case may be, during the preceding calendar month. Invoices shall be in a form satisfactory to MFCPP and be of sufficient detail to provide MFCPP all reasonable information necessary to confirm their accuracy. Payment of each invoice shall be made by cheque, EFT or wire transfer payable to the applicable Party within thirty (30) days after receipt of invoice, unless otherwise provided for in this Agreement. Payments due to the applicable Party that are not made within thirty (30) days of receipt of the invoice shall include interest equal to one percent (1%) per month.
- (b) A Party shall have the right to withhold from payment any invoice or portion thereof which such Party, in its good faith, disputes. In the event a Party elects to exercise its rights under this section, such Party shall notify the other Party as soon as possible of such election but not later than the due date of the payment, notify the other Party of its intent to withhold payment and detail the amount and basis of any dispute. Thereafter, the Parties shall engage in good faith negotiations in an effort to resolve the dispute. In the event MFC Power LP and MFCPP are unable to reach an agreement within ninety (90) days, the dispute shall be resolved in accordance with Article 7 of this Agreement. A Party shall also be entitled to offset amounts due and payable by the other Party to it hereunder against amounts payable by it to the other Party under this Section 2.2.
- (c) If any overcharge or undercharge in any form whatsoever shall at any time be found and the statement therefor has been paid, the Party that has been paid the overcharge shall refund the amount of the overcharge paid or the Party that has been undercharged shall pay the amount of the undercharge, in either case within thirty (30) days after final determination thereof; provided, however, no claim for retroactive adjustment shall be made for any overcharge or undercharge beyond a period of twenty-four (24) months from the date of the statement on which such overcharge or undercharge was first included unless arising from an adjustment or change to any calculations that affect any amount payable hereunder where such adjustment or change is made pursuant to the ISO Rules. The Parties expressly agree, as is permitted under the Limitations Act (Alberta), to extend the two (2) year time period under paragraph 3(1)(a) thereof, to a period of three (3) years in respect of all matters under this Agreement.

2.3 No Gas Supply

If MFCPP is in breach of its obligations to supply gas to MFC Power LP under the gas purchase agreement between MFCPP and MFC Power LP, dated of even date herewith (the "Gas

Purchase Agreement"), MFC Power LP will not be obligated to supply Electricity to MFCPP pursuant to this Agreement for the period of time during which MFCPP fails to supply gas to MFC Power LP in accordance with the Gas Purchase Agreement.

2.4 Delivery

MFC Power LP will be responsible for delivering Electricity from the Power Plant, or such other locations from which Electricity is produced, to the Transfer Point.

2.5 Measurement of Electricity

MFC Power LP will calculate the Electricity supplied to MFCPP by metering all Electricity at the MV room located in the Power Plant. MFC Power LP will:

- (i) report on each Thursday by 12:00 MDT, a schedule of the expected deliveries of Electricity in each hour of each day for the next succeeding week commencing at 00:00 MDT on Friday ("**Weekly Schedule**"), and
- (ii) on each day by 12:00 MDT, MFC Power LP shall deliver to MFCPP a schedule of the expected deliveries of Electricity for the next succeeding 24 hour period commencing at 00:00 MDT,

provided that such schedules are provided for planning purposes only and do not constitute a guarantee by MFC Power LP that Electricity shall be delivered in accordance with the schedules and do not limit the amount of Electricity MFC Power LP may deliver during the periods covered by the schedules. MFC Power LP shall deliver a revised schedule to MFCPP promptly after becoming aware of any expected material change in a filed Electricity schedule.

2.6 MFCPP Reporting Obligations

MFC Power LP will cooperate with, and assist, MFCPP, on a commercially reasonable basis and at MFCPP's cost, in preparing and providing all reports and plans required of MFCPP, in connection with this Agreement and the supply and consumption of Electricity hereunder or as reasonably required in connection with the operation of the Gas Facility.

2.7 Net Settlement Instruction Registration

- (a) The parties acknowledge and agree that this Agreement constitutes a Direct Sales Agreement under the ISO Rules, and that the sale, purchase and exchange of Electricity under this Agreement shall be facilitated and effectuated through the Power Pool in accordance with the Net Settlement Instruction requirements of the ISO Rules for the Electricity, and that they shall at all times throughout the Term comply with the requirements and conditions of this Agreement and the ISO Rules for registering and acknowledging such Net Settlement Instructions to effect the sale, purchase and exchange of the Electricity under this Agreement for each applicable Settlement Interval.

- (b) Specifically, throughout the Term: (i) MFC Power LP shall be responsible for submitting all Net Settlement Instruction data with respect to Electricity for each applicable Settlement Interval as and when required by the ISO Rules, (ii) MFCPP shall be responsible for acknowledging all such Net Settlement Instructions for the purposes of receipt of Electricity for each applicable Settlement Interval as and when required by the ISO Rules, and (iii) MFC Power LP and MFCPP shall be respectively responsible for submitting and acknowledging all such Net Settlement Instructions in accordance with the protocols established by the ISO Rules.
- (c) Without limitation to the foregoing, MFC Power LP will, in sufficient time to have the Net Settlement Instructions registered before the COD, submit a Net Settlement Instruction in respect of the Direct Sale as contemplated by the ISO Rules.
- (d) Each Net Settlement Instructions submitted in accordance herewith will set out that:
 - (i) MFC Power LP is the seller;
 - (ii) the Power Plant is the source asset;
 - (iii) MFCPP is the purchaser;
 - (iv) the Site is the sink asset;
 - (v) the agreed upon MWh volume of the Net Settlement Instruction;
 - (vi) the beginning date and first Settlement Interval of the Net Settlement Instruction will commence on the Commencement Date; and
 - (vii) the end date and last Settlement Interval of the Net Settlement Instruction will be the last Settlement Interval of the Term.

2.8 De-registration of Registered Net Settlement Instruction

Except pursuant to (a) Force Majeure which is subject to Article 4, (b) any Forced Outage or Power Plant Scheduled Outage, (c) upon termination or expiration of this Agreement, or (d) for the duration of any relief from its obligation to supply Electricity in accordance with Section 2.3 (each and collectively a "**Permitted De-Registration Event**") each of MFC Power LP and MFCPP shall not at any time throughout the Term, except with the prior written consent of the other party, submit any notice or take any other action or proceeding to cancel, amend or de-register any Net Settlement Instruction made or required to be made under this Agreement for any Settlement Interval, or cause or permit to be done any act or thing that could result in the cancellation, amendment or de-registration of any Net Settlement Instruction made or required to be made under this Agreement for any Settlement Interval, including whether (i) initiated by

MFC Power LP or MFCPP, (ii) resulting in any compulsory de registration of any such Net Settlement Instruction by MFC Power LP or MFCPP under the ISO Rules, or (iii) resulting in an AESO-initiated de-registration of any Net Settlement Instruction under the ISO Rules.

2.9 Re-registration

- (a) Without limitation to the foregoing and subject to Section 2.10(c), if a Registered Net Settlement Instruction registered against the Power Plant and a sink asset has been or is to be de-registered for any reason, other than as a consequence of a Permitted De Registration Event, the Parties shall do all acts and things necessary to effect the re-registration of the Registered Net Settlement Instruction as required by this Agreement.
- (b) Following any such re-registration, MFCPP will acknowledge same before the time required by the ISO Rules.

2.10 Unexcused Failure to Deliver or Receive Electricity

The Parties acknowledge and agree that the scheduling, exchange and settlement of all Electricity hereunder will be in accordance with this Part 2, and accordingly:

- (a) If MFCPP complies with its obligations pursuant to Sections 2.7, 2.8 and 2.9 and properly acknowledges Net Settlement Instructions for the Electricity (such that, for certainty, there is no Net Settlement Instruction Default by MFCPP and the provisions of Section 2.10(c) are therefore not applicable) but nonetheless fails to accept delivery of the Electricity delivered at the Transfer Point by MFC Power LP (a "**MFCPP Deficiency Amount**") as provided herein for any reason other than a Permitted De-Registration Event, then MFCPP shall nonetheless pay MFC Power LP for the full amount of the Electricity (including the MFCPP Deficiency Amount) as purchased Electricity at the Electricity Price as and when required by this Agreement, and MFCPP shall be solely and exclusively responsible to recover from the AESO the "energy charge" determined in accordance with the ISO Rules in respect of any such MFCPP Deficiency Amount pursuant to Section 2.11(c).

- (b) Notwithstanding Sections 2.11(b) and 2.11(c), in the event that MFC Power LP complies with its obligations pursuant to Sections 2.7, 2.8 and 2.9 and properly submits Net Settlement Instructions for the Electricity (such that, for certainty, there is no Net Settlement Instruction Default by MFC Power LP and the provisions of Section 2.10(c) are therefore not applicable) but nonetheless fails to deliver all of the Electricity at the Transfer Point (a "**MFC Power LP Deficiency Amount**") for any reason other than due to a Permitted De-Registration Event, then MFC Power LP shall pay to MFCPP, as liquidated damages, an amount equal to the positive difference, if any, between (A) the Pool Price plus any applicable transmission service charges for each applicable Settlement Interval, less (B) the Electricity Price for each such applicable Settlement Interval, multiplied by the MFC Power LP Deficiency Amount. For certainty, MFC Power LP shall have no liability whatsoever to MFCPP for any MFC Power LP Deficiency Amount for any Settlement Interval where the Pool Price for such Settlement Interval is less than the Electricity Price for such Settlement Interval.

For further certainty: (i) the foregoing provisions of this Section 2.10(b) are premised on the understanding that the Net Settlement Instruction requirements for scheduling all of the Electricity pursuant to Section 2.7 means that the "energy production" (as defined in the ISO Rules) from the Power Plant for any Settlement Interval in MWh will be equal to the purchased Electricity, and therefore MFC Power LP's obligations to pay liquidated damages under this Section 2.10(b) will be without duplication to MFC Power LP's responsibilities, if any, to pay to the AESO any "energy payment" determined in accordance with the ISO Rules in respect of any MFC Power LP Deficiency Amount; such that (ii) in the event that MFC Power LP is obligated to pay to the AESO any "energy payment" pursuant to the ISO Rules in respect of any MFC Power LP Deficiency Amount, then MFCPP shall nonetheless pay MFC Power LP for the full amount of all of the Purchased Electricity (including the MFC Power LP Deficiency Amount) as Purchased Electricity at the Electricity Price as and when required by this Agreement, and MFC Power LP shall be solely and exclusively responsible to pay to the AESO any "energy payment" pursuant to the ISO Rules in respect of any such MFC Power LP Deficiency Amount, and MFC Power LP shall not be obligated to pay to MFCPP to pay liquidated damages under this Section 2.10(b) in respect of any such MFC Power LP Deficiency Amount.

- (c) If a Party fails to comply with its obligations under any of Sections 2.7, 2.8 and 2.9 (in any case, an "**Net Settlement Instruction Default**") such that the Electricity scheduled with the AESO pursuant to the Net Settlement Instruction is less than the Electricity that was required to be scheduled for submission by MFC Power LP to, or acceptance by MFCPP from, the AESO, pursuant to the Net Settlement Instruction, such Net Settlement Instruction Default shall not constitute an Event of Default with respect to such Party, provided that:

- (i) in the case of such Net Settlement Instruction Default by MFCPP, MFCPP shall pay to MFC Power LP, as liquidated damages, an amount equal to the positive difference, if any, between (A) (1) the Electricity Price for each applicable Settlement Interval, multiplied by the difference between the amount of Electricity that was subject to the Net Settlement Instruction submitted by MFC Power LP pursuant hereto (the "**Net Settlement Instruction Scheduled Electricity**") and the amount of Electricity that was properly acknowledged by MFCPP pursuant to the submitted Net Settlement Instruction (the "**MFCPP Net Settlement Instruction Scheduling Deficiency**"), plus (2) the amount of any payment or penalty that is due from MFC Power LP to the AESO or any Person as a result of such Net Settlement Instruction Default by MFCPP, less (B) the Pool Price plus any applicable transmission service charges for each applicable Settlement Interval, multiplied by the MFCPP Net Settlement Instruction Scheduling Deficiency (the "**MFCPP Net Settlement Instruction Scheduling Deficiency Amount**"). For certainty, except with respect to the amount of any payment or penalty that is due from MFC Power LP to the AESO or any Person as a result of such Net Settlement Instruction Default by MFCPP, MFCPP shall have no liability whatsoever to MFC Power LP for any MFCPP Net Settlement Instruction Scheduling Deficiency Amount for any Settlement Interval where the Electricity Price for such Settlement Interval is less than the Pool Price applicable to the Net Settlement Instruction Scheduled Electricity for such Settlement Interval;
- (ii) in the case of such Net Settlement Instruction Default by MFC Power LP, MFC Power LP shall pay to MFCPP, as liquidated damages, an amount equal to the positive difference, if any, between (A) (1) the Pool Price plus any applicable transmission service charges for each applicable Settlement Interval, multiplied by the difference between the amount of Electricity that was not subject to the Net Settlement Instruction required to be submitted by MFC Power LP pursuant hereto (the "**Net Settlement Instruction Required Electricity**") and the amount of Electricity that was properly subject to the Net Settlement Instruction required to be submitted by MFC Power LP pursuant to the submitted Net Settlement Instruction (the "**MFC Power LP Net Settlement Instruction Scheduling Deficiency**"), less (B) the Electricity Price for each applicable Settlement Interval, multiplied by the MFC Power LP Net Settlement Instruction Scheduling Deficiency (the "**MFC Power LP Net Settlement Instruction Scheduling Deficiency Amount**"). For certainty, MFC Power LP shall have no liability whatsoever to MFCPP for any MFC Power LP Net Settlement Instruction Scheduling Deficiency Amount for any Settlement Interval where the Pool Price for such Settlement Interval is less than the Electricity Price applicable to the Net Settlement Instruction Required Electricity for such Settlement Interval; and

- (iii) for these purposes, the Net Settlement Instruction Scheduled Electricity and the Net Settlement Instruction Required Electricity shall be determined having regard to the Pool Statement and by measurements of the Electricity generated by the Power Plant and delivered at the Transfer Point.
- (d) A Party's right to receive liquidated damages under this Section 2.10 shall be the sole and exclusive remedy of such Party as a result of any Net Settlement Instruction Default by the other Party or any failure to deliver or receive Electricity by the other Party, and no such default or failure shall constitute an Event of Default under this Agreement.
- (e) Where Section 182 of the Excise Tax Act applies to an amount of liquidated damages paid under this Section 2.10, the amount shall be grossed up by the rate of Goods and Services Tax applicable at the time of such payment.

2.11 Scheduling and Electricity Market Settlement

- (a) Each Party shall at all times throughout the Term be a Pool Participant under and in compliance with the ISO Rules for the scheduling, exchange and settlement of all purchased Electricity hereunder.
- (b) Scheduling of all Purchased Electricity during the Term shall be in accordance with the ISO Rules.
- (c) The Parties acknowledge and agree that (i) under ISO Rules applicable to Net Settlement Instructions, Electricity subject to Net Settlement Instructions is excluded from financial settlement with the ISO and, accordingly, all Purchased Electricity under this Agreement will be excluded from financial settlement with the ISO under the ISO Rules, (ii) in accordance with the Net Settlement Instruction requirements for scheduling of Electricity pursuant to Section 2.7, the "energy production" (as defined by the ISO Rules) from the Power Plant for any Settlement Interval in MWh will be equal to the Purchased Electricity; and (iii) if the "energy consumption" (as defined by the ISO Rules) by MFCPP from the Transfer Point for any Settlement Interval in MWh is less than the Purchased Electricity, then MFCPP will be deemed to have sold the MWh volume difference to the Power Pool and the ISO will pay MFCPP in respect of such MWh of Electricity received by it in any such Settlement Interval an amount equal to the "energy charge" determined in accordance with the ISO Rules, provided that MFCPP shall nonetheless remain responsible to pay MFC Power LP for the full amount of all the Purchased Electricity as Purchased Electricity at the Electricity Price.

2.12 Industrial Designation

- (a) For so long as the Parties are required, in accordance with Applicable Law and the ISO Rules, to effect Net Settlement Instructions for the Direct Sales contemplated hereby, the Parties will work cooperatively and in good faith to identify, apply for and obtain any exemptions pursuant to Section 2(1)(d) of the Act that exempt the application of the Act to the Direct Sales contemplated hereby.
- (b) Upon obtaining the exemption(s) in clause (a) above, the Parties will work cooperatively and in good faith to amend this Article 2 to reflect such exemption of the application of the Act to the Direct Sales contemplated hereby, and for clarity, the Electricity Price shall remain at the Pool Price.

2.13 Representations and Warranties

- (a) MFC Power LP hereby represents and warrants to MFCPP that the Power Plant is or will be at the time of the Commencement Date, a source asset (within the meaning of the ISO Rules) represented by an AESO identifier (to be separately confirmed in writing by MFC Power LP to MFCPP), and MFC Power LP is, or will be as at the time of the Commencement Date and thereafter throughout the Term, fully and duly registered with the AESO as a Pool Participant capable, among other things, of identifying Net Settlement Instructions with respect to the Purchased Electricity from the Power Plant hereunder, and MFC Power LP is not in default or non-compliance with any provision of the ISO Rules and is not subject to any action or remedy authorized under the ISO Rules for default or non-compliance with any provision of the ISO Rules; and
- (b) MFCPP hereby represents and warrants to MFC Power LP that MFCPP is, or will be as at the time of the Commencement Date and thereafter throughout the Term, fully and duly registered with the AESO as a Pool Participant capable, among other things, of identifying Net Settlement Instructions submitted by MFC Power LP with respect to the Purchased Electricity from the Power Plant hereunder, and MFCPP is not in default or non-compliance with any provision of the ISO Rules and is not subject to any action or remedy authorized under the ISO Rules for default or non-compliance with any provision of the ISO Rules.

PART 3 - TITLE AND RISK

3.1 Title to Electricity

Title to and risk of loss with respect to Electricity sold and delivered hereunder by MFC Power LP will pass to MFCPP at such time as such Electricity is delivered to the Gas Site at the Transfer Point. For clarity, MFC Power LP shall have responsibility for and assume liability with respect to such Electricity prior to delivery to MFCPP at the Transfer Point and MFCPP shall have responsibility for and assume liability with respect to such Electricity after its delivery to MFCPP at the Transfer Point.

3.2 Warranty to Title

MFC Power LP warrants that it has all rights necessary to transfer title to the Electricity to MFCPP by having all right, title and interest in and to the Electricity.

PART 4 - FORCE MAJEURE AND CURTAILMENT

4.1 Performance Excluded

If a party is unable to perform all or part of its obligations hereunder (other than obligations to make payment) due to Force Majeure and such party notifies the other party as soon as practicable of the Force Majeure and the extent to which the Force Majeure is expected to impact such party's performance, then the failure of the Claiming Party (as defined below) to perform is excused to the extent and for the duration of the Force Majeure and the obligations of the Claiming Party shall be suspended to the extent and for the duration of the Force Majeure. The Claiming Party shall use commercially reasonable efforts to terminate or avoid the Force Majeure and resume performing its obligations following the conclusion of the Force Majeure period. However, the terms of settlement of any strike, lockout or other industrial disturbance shall be wholly at the discretion of such party, and that party shall not be required to accede to the demands of its opponents in any strike, lockout or industrial disturbance solely to remedy promptly the Force Majeure thereby constituted. If a condition of Force Majeure prevails for more than 6 months MFC Power LP may terminate this Agreement.

4.2 Notification

The party claiming Force Majeure (the "**Claiming Party**") shall immediately notify the other Party and the AESO of: (a) the commencement of any Force Majeure period and the discontinuance (if any) of a Direct Sale pursuant hereto; and (b) the commencement or resumption of operation of a Direct Sale pursuant hereto following the conclusion of any Force Majeure period.

4.3 Co-Operation

During each period of shutdown or curtailment of the Gas Plant, MFCPP will assist and co-operate with MFC Power LP to minimize the detrimental effects of such shutdown or curtailment except that MFCPP will not be required to incur any cost in respect thereof.

4.4 No Cumulative Obligation

Where, as a result of a shutdown or curtailment pursuant to Section 4.1, any period of Forced Outage or any period of Power Plant Scheduled Outage or Gas Plant Scheduled Outage, MFCPP reduces or discontinues its purchases, MFCPP will not be obliged, upon resuming its purchases, to purchase any additional Electricity to make up for such discontinuance or curtailment of purchases.

4.5 Alternative Disposition

If MFCPP gives notice under Sections 4.1 and 4.2 to discontinue or curtail the purchase of Electricity, MFC Power LP may dispose of such Electricity during or after such discontinuance or curtailment as it sees fit.

4.6 Minimum Volume Credit

If MFC Power LP disposes of Electricity to any party other than MFCPP in accordance with Sections 4.5, the volume of Electricity so disposed of will be included in any determination of the Electricity Commitment as though sold and delivered to MFCPP at the time of such disposition and the Electricity Commitment values will be reduced, as to the minimum and maximum requirements, thereby.

4.7 Power Plant Scheduled Outages

MFC Power LP shall provide MFCPP not less than 15 days' prior notice of any Power Plant Scheduled Outage, or such shorter period to which MFCPP may consent, such consent not to be unreasonably withheld, delayed or conditioned, and such notice shall state the start date and hour and the end date and hour for the Power Plant Scheduled Outage. Notwithstanding the foregoing, at any time prior to 72 hours before the start of a Power Plant Scheduled Outage that will be more than 7 days long, MFC Power LP may change the proposed start time for the Power Plant Scheduled Outage by not more than 48 hours and at any time prior to 48 hours before the end of the Power Plant Scheduled Outage, MFC Power LP may change the proposed end time of the Power Plant Scheduled Outage on notice to, and without the consent of, MFCPP.

4.8 Power Disruption

In the event of a possible power disruption from the AIES due to System Emergency or other events that may affect the generation and supply of Electricity at the Power Plant, the Power Plant will be placed into "island mode" or "ready mode" for the duration of the power disruption to ensure stability of the supply of Electricity to the Gas Site.

4.9 Shut-Down

Where, as a result of a curtailment of Electricity or shutdown of the Power Plant, MFCPP purchases Electricity from the Power Pool or enters into a direct sale with another Person to make up for such curtailment or discontinuance of the supply of Electricity, subject to the other terms hereof, the charges for such purchases of additional Electricity shall be borne by MFCPP.

PART 5 - CONTRACT PERIOD

5.1 Term

The Term of this Agreement will begin on the Commencement Date and expire on the day that is 10 years following the COD with automatic one year renewals at MFC Power LP's option (the "Term").

5.2 Termination

This Agreement may be terminated by MFC Power LP at any time during the Term (the "Termination Date"), provided written notice of termination is provided to MFCPP at least 6 months prior to the Termination Date. MFC Power LP may also terminate this Agreement if the Gas Purchase Agreement is terminated, or an event of default occurs pursuant to the Gas Purchase Agreement or the Lease.

5.3 Settlement of Accounts

All accounts will be settled among the Parties effective as and from the time of termination including, if no Termination Date occurs prior to the expiry of the Term, the conclusion of the Term provided that all amounts owing will be determined on an accrual basis and if there are adjustments or changes to any calculations that affect any amount payable hereunder, whether under the ISO Rules or otherwise, then the Parties will upon those adjustments or changes being determined, make corresponding payments hereunder.

5.4 Cross-Termination with Gas Purchase Agreement

Notwithstanding anything to the contrary in this Agreement, if the Gas Purchase Agreement is terminated in accordance with its terms for any reason whatsoever (other than by the expiration of its term), then MFC Power LP may terminate this Agreement on the effective date of such termination of the Gas Purchase Agreement by providing prior written notice to MFCPP of such termination.

PART 6 - DEFAULT

6.1 Event of Default

An Event of Default will exist with respect to a party if such party has committed a material default in the performance of its obligations hereunder or a material breach of its representations and warranties (for the purposes of this Section 6.1, the failure by a party to make two successive payments required under this Agreement, other than a failure arising from a bona fide dispute over the requirement to make such payment, will be deemed to be a material default), notice has been given to such party by the other party specifying the default and such default remains unremedied, and:

- (a) in respect of a failure to make two successive payments required under this Agreement, more than 10 Business Days have elapsed since the date that the notice is delivered to such party;

- (b) in any other case, more than 30 Business Days have elapsed since the expiration of such period following the giving of such notice during which such party might by the exercise of reasonable diligence have remedied the default; or
- (c) in the case of a default that could not, by the exercise of reasonable diligence, be remedied within the period described in Subsection 6.1(b), the earlier of:
 - (i) the day on which the party fails or refuses to act diligently to remedy the default; and
 - (ii) the day on which it becomes evident to the other party, acting reasonably, that such default will not be remedied in a reasonably timely manner regardless of the actions taken by such party.

6.2 Remedies upon Event of Default

- (a) Upon the occurrence and continuation of an Event of Default, the non-defaulting party shall have the right to terminate this Agreement and exercise all other remedies available at law and in equity, and, notwithstanding Section 2.10, MFCPP or MFC Power LP, as the case may be, shall, where it is the Party that has not committed an Event of Default, have no obligation to maintain the registration of, and shall be entitled to immediately de-register the Registered Net Settlement Instruction. Upon the termination of this Agreement in accordance herewith, the Parties' obligations under this Agreement shall terminate, except that the Parties shall be liable for the obligations in Section 6.3 or otherwise arising out of Section 5.3.

6.3 Indemnities

- (a) MFC Power LP agrees to indemnify and save harmless MFCPP, its parents, affiliates, subsidiaries, officers, directors, employees and representative from any and all claims, demands, losses (including reasonable attorney's fees at the trial and appellate level) arising out of or resulting from any negligence of MFC Power LP or breach by MFC Power LP of Applicable Law.
- (b) MFCPP, to the extent permitted by law, agrees to indemnify and save harmless MFC Power LP, its parents, affiliates, subsidiaries, officers, directors, and employees from any and all claims, demands, losses (including reasonable attorney's fees at the trial and appellate level) arising out of or resulting from any negligence of MFCPP or breach by MFCPP of Applicable Law.

PART 7 - DISPUTE RESOLUTION

7.1 Referral to Senior Management

If the parties fail to agree on any matters referred to in this Agreement, either MFCPP or MFC Power LP may by notice to the other refer the dispute to the senior management of MFCPP and MFC Power LP or such other Persons as they may designate who will make their best efforts to determine a commercially fair and equitable solution to that dispute. A decision reached by such Persons and communicated by them in writing to the parties hereto will be binding on all parties to the dispute and will be implemented.

7.2 Arbitration

If no decision with respect to a matter, issue or dispute is so communicated by such senior management of MFCPP and MFC Power LP or such designates within 30 days after notice pursuant to Section 7.1 has been given, the matter in dispute shall be referred to a single arbitrator under the *Arbitration Act* then in effect in Alberta whose decision thereon will be final, binding and conclusive.

7.3 Place of Arbitration

All arbitration proceedings will be conducted in Calgary, Alberta.

7.4 Decision Binding

A decision of an arbitrator under this Agreement, including any decision as to costs, will be final and binding on the Parties but will not be a precedent in any subsequent arbitration.

7.5 Survival

This Part 7 will survive any termination of this Agreement and will continue to be binding upon the Parties, their successors and permitted assigns and be enforceable against them.

PART 8 - GENERAL PROVISIONS

8.1 Severability

Each provision of this Agreement is intended to be severable and, accordingly:

- (a) the unenforceability or invalidity of any particular provision under any applicable law will not affect the validity of any other provision, except that if, on the reasonable construction of this Agreement as a whole, the other provision is expressly stated, or is by reasonable implication intended by the parties, to be dependent on the validity and enforceability of the particular provision, the other provision will be deemed also to be invalid or unenforceable;
- (b) if any provision of this Agreement is invalid or unenforceable, the balance of this Agreement will be construed and enforced as if all invalid or unenforceable

provisions and all provisions so deemed to be invalid or unenforceable were not contained herein; and

- (c) if, as a result of a determination by a court of competent jurisdiction that any part of this Agreement is unenforceable or invalid, and of any application of this Section 8.1, the basic intentions of the parties, as evidenced by this Agreement, are entirely frustrated, the parties will use all reasonable efforts to amend, supplement or otherwise vary this Agreement in order that it more closely conforms with their mutual intentions in entering into this Agreement.

8.2 Amendment

No amendment, waiver, termination or variation of the terms, conditions, warranties, covenants, agreements and undertakings set out herein will be of any force or effect unless the same is reduced to writing duly executed by all parties hereto.

8.3 Waiver

No waiver of any of the provisions of this Agreement will constitute waiver of any other provision (whether or not similar) and no waiver will constitute a continuing waiver unless otherwise expressly provided.

8.4 Governing Law and Attornment to Jurisdiction

This Agreement shall be constructed, interpreted and enforced in accordance with, and the respective rights and obligations of the Parties shall be governed by, the laws of the Province of Alberta and the federal laws of Canada applicable therein, and each party hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

8.5 Mutual Cooperation

The parties hereto acknowledge that circumstances may arise from time to time which cause or impose hardships or difficulties not foreseen by the parties at the date of this Agreement. The parties agree to use all commercially reasonable efforts to resolve any hardships or difficulties arising from such unforeseeable circumstances in the spirit of mutual goodwill and cooperation.

8.6 Consequential Damages

Any liability of either party to the other for breach of this Agreement or for negligence of its directors, officers, employees, agents and contractors will not extend to or include liability for loss of profits or contribution, loss of use of property or other consequential damages.

8.7 Maintenance of Records

Each party will maintain detailed records of all measurements and tests made by it by reference to which, pursuant to this Agreement, the performance of an obligation by either party is measured or the extent of an obligation that either party is to perform is calculated and will make such records available to the other party for inspection at all reasonable times.

8.8 Eligible Financial Contract

This Agreement constitutes an "Eligible Financial Contract" under and in all proceedings relating to the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or the *Winding-Up and Restructuring Act* (Canada), and will be treated similarly under and in all proceedings relating to any bankruptcy, insolvency or similar law (regardless of the jurisdiction of application or competence of such law) or any ruling, order, directive or pronouncement made pursuant thereto.

8.9 Entire Agreement

This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters.

8.10 No Other Representations

No director, officer, employee or agent of either party has any authority to make any representation, warranty or covenant not contained in this Agreement, and each party agrees that it has executed this Agreement without reliance upon any such representation, warranty or covenant.

8.11 Excise Tax Act Election

MFCPP and MFC Power LP shall jointly execute in the prescribed form, and shall file within the prescribed time, an election under Section 156 of the *Excise Tax Act* (Canada) that the provision of the Electricity hereunder be deemed to be supplied for nil consideration for the purposes of the *Excise Tax Act* (Canada).

8.12 MFCPP Excise Tax Act Registration

MFCPP is registered for the purposes of Part IX of the Excise Tax Act (the "ETA") and has been assigned registration number 77614 0300 RT0001.

8.13 MFC Power LP Excise Tax Act Registration

MFC Power LP is registered for the purposes of Part IX of the ETA and has been assigned registration number 80681 1568 RT0001.

8.14 Assignment

In the event that the Power Plant is sold, then in connection with such sale, MFC Power LP may assign all of its right, benefit or interest in this Agreement to the purchaser under such transaction without consent of MFCPP. MFC Power LP may assign any of its right, benefit or interest in this Agreement to its affiliates without the consent of MFCPP. MFC Power LP may not assign any right, benefit or interest in this Agreement, other than to its Affiliates, without the consent of MFCPP, except as specifically provided herein. In the event that the Gas Plant is sold, then in connection with such sale, MFCPP may assign all of its right, benefit or interest in this Agreement without consent of MFC Power LP, such consent not to be unreasonably withheld. MFCPP may not directly or indirectly sell or otherwise transfer all or substantially all of the assets comprising the Gas Plant, unless the acquirer thereof assumes all of the rights, benefits and obligations of MFCPP under this Agreement. MFCPP may not assign any right, benefit or interest in this Agreement without the written consent of MFC Power LP, except as specifically provided herein.

8.15 Binding Effect

This Agreement will enure to the benefit of and be binding upon the respective legal representatives, successors and permitted assigns of the parties.

8.16 Time of Essence

Time is of the essence in the performance of each obligation under this Agreement.

8.17 Further Assurances

Each party will, at its own expense and without expense to the other, execute and deliver such further agreements and other documents and do such further acts and things as the other reasonably requests to evidence, carry out and give full force and effect to the intent of this Agreement.

8.18 Notice

Every notice, request, demand or direction (each, for the purposes of this Section 8.18, a "notice") will be delivered or sent by facsimile, or other similar form of written communication, in each case, addressed as applicable as follows:

If to MFC Processing Partnership at:

Suite 400 – 1035 7th Avenue SW
Calgary, Alberta
T2P 3E9

Facsimile: 403-652-1369

Attention: President of General Partner

If to MFC Power Limited Partnership at:

Suite 400 -1035 7th Avenue SW

Calgary Alberta

T2P 3E9

Facsimile: 403-652-1369

Attention: President of General Partner

or to such other address as is specified by the particular party by notice to the other.

8.19 Deemed Receipt

Any notice delivered or sent in accordance with Section 8.18 will be deemed to have been given and received:

- (a) if delivered, on the first Business Day after the day of delivery; and
- (b) if sent by facsimile or other similar form of written communication, on the first Business Day after the day of transmittal.

8.20 Counterparts and Electronic Execution

This Agreement may be executed in any number of counterparts by one or more parties hereto and such counterparts, each of which when so executed and delivered, shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument. An executed counterpart of this Agreement may be delivered by facsimile transfer or similar form of electronic communication from one party to the other provided that an original executed counterpart is promptly delivered to such receiving party.

[Signature page follows.]

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

MFC PROCESSING PARTNERSHIP

By: _____

Name: _____

Title: _____

**MFC POWER LIMITED
PARTNERSHIP, by its General Partner,
MFC POWER GENERAL PARTNER
LTD.**

By: _____

Name: _____

Title: _____

SCHEDULE A

TRANSFER POINT

Electricity will pass from the Power Plant to the Gas Site at the following Transfer Point:

- Inlet to the T3 transformer.

SCHEDULE B

MAP OF GAS SITE

(Please see attached.)

K-1

Exhibit C

Form of Gas Purchase Agreement

GAS PURCHASE AGREEMENT

BETWEEN

MFC PROCESSING PARTNERSHIP

AND

MFC POWER LIMITED PARTNERSHIP

December 7, 2015

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GAS PURCHASE AGREEMENT

THIS AGREEMENT dated for reference the _____ day of _____, 2015.

BETWEEN:

MFC PROCESSING PARTNERSHIP, a limited partnership organized under the laws of Alberta with an office at Suite 400 – 1035 7th Avenue SW, Calgary, Alberta, T2P 3E9

("MFCPP")

AND:

MFC POWER LIMITED PARTNERSHIP, a limited partnership organized under the laws of the Province of British Columbia having an office at Suite 400 – 1035 7th Avenue SW, Calgary, Alberta, T2P 3E9;

("MFC Power LP")

WHEREAS:

- A.** MFCPP is the owner of certain gas processing operations and assets located in High River, Alberta (the "**Gas Plant**");
- B.** MFC Power LP is the owner of a 16.5 mega-watt natural gas-fired power plant located in High River, Alberta (the "**Power Plant**");
- C.** MFCPP has agreed to supply gas to MFC Power LP for utilization in its power production facilities and MFC Power LP has agreed to purchase such gas from MFCPP, all on the terms and conditions set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual premises, covenants and agreements set forth herein, the parties agree as follows:

PART 1 - INTERPRETATION

1.1 Definitions

In this Agreement (including the Recitals and Schedules hereto), except as otherwise expressly provided or as the context otherwise requires:

- (a) "**Act**" means the *Electric Utilities Act* (Alberta);
- (b) "**AESO**" means the "independent system operator", as defined by the Act and currently operating as and under the registered trade name "Alberta Electric System Operator", and its successors;
- (c) "**AIES**" has the meaning given to the term "interconnected electric system" in the Act;
- (d) "**Applicable Law**" means, in relation to any Person, asset, transaction or event, all applicable provisions, whether now or hereafter in effect, of laws, statutes, rules, regulations, official directives and orders of all federal, provincial, municipal and local governmental bodies (whether administrative, legislative, executive or otherwise) and judgments, orders and decrees of all courts, arbitrators, commissions or bodies exercising similar functions in actions or proceedings in which the Person in question is a party or by which it is bound or having application to the asset, transaction or event in question;
- (e) "**Auxiliary Gas**" means any auxiliary gas utilized at the Power Facility and supplied to MFC Power LP by any Person other than MFCPP;
- (f) "**Business Day**" means a day that is not a Saturday, Sunday or statutory holiday in Alberta;
- (g) "**Claiming Party**" has the meaning ascribed thereto at Section 4.1 hereof;
- (h) "**COD**" means the commercial operation date, being August 31, 2015;
- (i) "**Commencement Date**" means December 7, 2015;
- (j) "**Electricity Purchase Agreement**" means the electricity purchase agreement between MFCPP and MFC Power LP, dated of even date herewith, as amended, restated or replaced from time to time;
- (k) "**Encumbrance**" means a security interest, mortgage, pledge, hypothecation, lien, claim or other title defect, encumbrance or charge whatsoever, whether or not registered or registrable;

- (l) **"Event of Default"** has the meaning assigned in Section 6.1.
- (m) **"Force Majeure"** means an event, condition, occurrence or circumstance which causes the delay or disruption of either Party to perform under this Agreement and which is beyond the reasonable control of the Party seeking to claim such event, condition, occurrence or circumstance as a Force Majeure event. Force Majeure shall include but not be limited to the following: (i) acts of God, landslides, lightning, earthquakes, fires or storms; (ii) in the case of the Power Plant, the AIES is in a state of System Emergency; (iii) in the case of the Power Plant, any other event or circumstance by reason of which the operation of the ISO or the Power Pool is affected such that electric energy cannot be physically received by MFCPP at the Site or the Power Pool is prevented from settling the transactions under this Agreement; (iv) actions or threatened actions of First Nations; (v) strikes, lockouts or other industrial disturbances; (vi) riots, sabotage, insurrections or wars; (vii) actions of governmental authorities such as those requiring compliance with any court order, administrative order, fine, penalty, enforcement order, directive, law, statute, ordinance or regulation promulgated by a governmental authority; (viii) the generation and/or delivery of Gas from the Gas Plant is disrupted by any event, condition, occurrence or circumstance which qualifies as an event of Force Majeure pursuant hereto; (ix) the receipt of Gas from the Power Plant is disrupted by any event, condition, occurrence or circumstance which qualifies as an event of Force Majeure pursuant hereto; provided always that Force Majeure does not include: (x) a lack of financial resources or available funds or similar financial predicament; or (xi) an event, condition, occurrence or circumstance to the extent due to or resulting from a negligent act or omission, breach of contract, violation of Applicable Law, or similar wrongful act or omission on the part of the Party seeking to claim such event as a Force Majeure;
- (n) **"Gas"** means gas suitable to fuel the Power Assets as the parties may agree upon, from time to time, that meet the Gas Specifications;
- (o) **"Gas Commitment"** means the daily volume of Gas to be delivered to MFC Power LP by MFCPP in accordance with MFC Power LP's nominations pursuant to Sections 2.1, 2.2, 2.3 and 2.4 hereof;
- (p) **"Gas Lands"** means the land located in the southeast quarter of Section 35, Township 19, Range 28, west of the Fourth Meridian in High River, Alberta, excluding the Power Site, as more particularly identified on Schedule C hereof;
- (q) **"Gas Price"** means the AECO Spot Price 5A, less the transit fee;
- (r) **"Gas Specifications"** means the uncombined Gas specifications set out in Schedule A hereto;
- (s) **"GJ"** means gigajoule;

- (t) **"ISO Rules"** means the rules of the AESO made under section 20 of the Act;
- (u) **"MDQ"** has the meaning ascribed thereto at Section 2.3 hereof;
- (v) **"Meter"** means the electrical meter that shall be utilized to measure energy production from the Power Assets;
- (w) **"Metered Energy"** means energy produced by the Power Assets resulting from the combustion of Gas supplied by MFCPP, as measured at the Meter;
- (x) **"Metering Facilities"** means meter FE2853, to be used for the purposes of measuring volumes of Gas generated at the Gas Plant and to be delivered to the Transfer Point;
- (y) **"Nomination Time"** means 0730 hours MST on the day the Gas is to be delivered to the Transfer Point;
- (z) **"Notice Period"** has the meaning ascribed thereto at Section 5.2 hereof;
- (aa) **"Parties"** means MFCPP and MFC Power LP, and **"Party"** means any one of them as the context requires;
- (bb) **"Person"** includes an individual, corporation, partnership, joint venture, association, trust or unincorporated organization or any trustee, executor, administrator or other legal representative, or government official or ministry;
- (cc) **"Power Assets"** means MFC Power LP's power generation assets situate or to be located on the Power Site including, or that will include, without limitation, its power boiler, cooling tower, turbine, generator and related and ancillary assets necessary for the generation and transmission of electrical energy;
- (dd) **"Power Facility"** means the Power Site and the Power Assets;
- (ee) **"Power Pool"** has the meaning given to the term "power pool" in the Act;
- (ff) **"Power Site"** means the land the Power Assets are situate, as more particularly identified on Schedule C hereof;
- (gg) **"Relevant Percentage"** has the meaning ascribed thereto in Section 2.10(f) hereof;
- (hh) **"Scheduled Outages"** means scheduled shutdowns of all or a portion of the Power Assets, from time to time, to effect maintenance and/or repair;
- (ii) **"Seller Quantity"** has the meaning ascribed thereto in Section 2.4(a) hereof;

- (jj) **"System Emergency"** has the meaning given to "system emergency" in the ISO Rules;
- (kk) **"Term"** has the meaning set out in Section 5.1 hereof;
- (ll) **"Termination Date"** means the date on which this Agreement is terminated pursuant to Part 5;
- (mm) **"Third-Party Arrangements"** has the meaning ascribed thereto at Section 5.2 hereof;
- (nn) **"Transfer Point"** means the point at which Gas passes from the Gas Plant to the Power Site as designated in Schedule B hereto;
- (oo) **"year"** means, when calculating years in the Term, in the case of the first year of the Term, that period of time beginning on the Commencement Date and ending at 11:59 p.m. on that day which is a full twelve (12) consecutive months thereafter, and each subsequent year of the Term will be calculated and determined in the same manner. Unless the contrary intention is specified in this Agreement, each year in this Agreement will be calculated in the manner described in the foregoing sentence.

1.2 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or as the context otherwise requires:

- (a) this Agreement means this agreement, as amended from time to time, including the recitals and schedules hereto, as supplemented or amended from time to time;
- (b) the headings and captions are for convenience only and do not form part of this Agreement and will not be used to interpret, define or limit the scope, extent or intent of this Agreement or any of its provisions;
- (c) the word including, when following a general term or statement, is not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as permitting it to refer to all other items or matters that could reasonably fall within its broadest possible scope;
- (d) all references to currency mean Canadian currency;
- (e) all references to a statute include every regulation made pursuant thereto, all amendments to the statute or to any such regulation in force from time to time,

and any statute or regulation that supplements or supersedes such statute or any such regulation;

- (f) a reference to a time or date is to the local time or date at Calgary, Alberta;
- (g) if the time for making any payment or taking any action specified herein falls on a day other than a Business Day, the time for so paying or acting shall be extended to the next Business Day;
- (h) a reference to a Part means a Part of this Agreement and a reference to a Section followed by a number or some combination of numbers refers to the provision of this Agreement so designated and a reference to a Subsection followed by a number or some combination of numbers and a letter within a provision refers to a subsection within such provision;
- (i) a word importing the masculine gender includes the feminine or neuter and vice versa, a word importing the singular includes the plural and vice versa;
- (j) a reference to a particular corporation includes the corporation derived from the amalgamation of the particular corporation, or of a corporation to which such reference is extended by this Subsection 1.2(j), with one or more corporations; and
- (k) if this Agreement or any portion hereof is in effect for less than all of a year or month, other than as expressly provided herein, the rights and obligations of the respective parties will be modified in proportion to that proportion of the year or month that this Agreement or portion hereof is in effect.

1.3 Schedules

The following schedules to this Agreement are an integral part of this Agreement:

Schedule A – Gas Specifications.

Schedule B – Transfer Point.

Schedule C – Map of Power Site and Gas Lands

PART 2 - GAS COMMITMENT AND PAYMENT PROVISIONS

2.1 Gas Commitment

Subject to and in accordance with the terms and conditions of this Agreement, MFCPP will sell to MFC Power LP and MFC Power LP will purchase and take from MFCPP Gas in an amount nominated by MFC Power LP, in accordance with Section 2.4 hereof, free and clear of all Encumbrances and third party rights. MFC Power LP shall, upon purchase thereof, utilize such Gas at its Power Facility to generate Metered Energy and for related purposes.

2.2 Supply and Services

For each day that Gas is required by MFC Power LP, MFC Power LP will nominate and purchase all or a portion of the MFC Power LP's requirements for that day from MFCPP in accordance with the terms of Section 2.3 and 2.4(a) and the other provisions of this Agreement.

2.3 Maximum Daily Quantity

- (a) Subject to subsection 2.3(b), for any day, the aggregate quantity of Gas deliverable by MFCPP at the Transfer Point shall not exceed the maximum daily quantity of 4500sm³/hr of Gas (the "MDQ"). In the event that the aggregate of all nominations received by MFCPP from MFC Power LP for any day exceed the MDQ, then MFCPP will reduce the quantity to be supplied by MFCPP under Section 2.4(b) to the extent required in order for the aggregate nominated quantity to equal the MDQ.
- (b) If, for any day, MFC Power LP determines that it requires an additional quantity of Gas for such day, then MFC Power LP may nominate for such additional quantity from MFCPP and MFCPP will use commercially reasonable efforts to obtain and deliver such additional quantity. The price payable by MFC Power LP for any such additional quantities shall be the Gas Price plus MFCPP's actual out of pocket costs to acquire and deliver such additional quantities to the Transfer Point. For greater certainty, nothing herein shall be construed to obligate MFCPP to divert Gas from other sources or uses in order to comply with its obligations under this subsection.

2.4 Supply

- (a) Nominations: For each day that MFC Power LP requires a supply of Gas from MFCPP, then and by not later than the Nomination Time, MFCPP must receive MFC Power LP's nomination specifying (1) the required quantity (subject to Subsection 2.3(b), not exceeding the MDQ) ("Seller Quantity"), and (2) the day or days for which such nomination will remain in effect.
- (b) Sale and Delivery: Subject to Section 2.3, MFCPP shall sell and deliver, on a firm basis, the Seller Quantity to the Transfer Point and Purchaser shall purchase and receive, on a firm basis, the Seller Quantity at the Transfer Point.
- (c) Sales Price for Seller Quantities: For each day that MFCPP sells and delivers Gas to Purchaser under this Section 2.4, MFC Power LP shall pay to MFCPP the Gas Price (in effect for such day) for each GJ of gas delivered to and received at the Transfer Point as determined pursuant to this Section 2.4, subject to the payment obligations for excess Gas in Section 2.3(b).

2.5 Gas Price and Payment

MFC Power LP will pay the Gas Price to MFCPP for all Gas sold to MFC Power LP by MFCPP hereunder as follows:

- (a) By no later than the 15th day of the following month, MFCPP shall invoice MFC Power LP for all Gas delivered in the last calendar month. Invoices shall be in a form satisfactory to MFC Power LP and be of sufficient detail to provide MFC Power LP all reasonable information necessary to confirm their accuracy. Payment of each invoice shall be made by cheque, EFT or wire transfer payable to MFCPP within fifteen (15) days after receipt of invoice, unless otherwise provided for in this Agreement. Payments due to MFCPP that are not made within fifteen (15) days of receipt of the invoice shall include interest equal to one percent (1%) per month.
- (b) MFC Power LP shall have the right to withhold from payment any invoice or portion thereof which MFC Power LP, in its good faith, disputes. In the event MFC Power LP elects to exercise its rights under this section, MFC Power LP shall notify MFCPP as soon as possible of such election but not later than the due date of the payment, notify MFCPP of its intent to withhold payment and detail the amount and basis of any dispute. Thereafter, MFCPP and MFC Power LP shall engage in good faith negotiations in an effort to resolve the dispute. In the event MFCPP and MFC Power LP are unable to reach an agreement within sixty (60) days, the dispute shall be resolved in accordance with Article 7 of this Agreement. MFC Power LP shall also be entitled to offset amounts due and payable by MFCPP to MFC Power LP hereunder against amounts payable by MFC Power LP to MFCPP under this Section 2.5.

2.6 Gas Specifications

The Gas supplied by MFCPP to MFC Power LP will comply in all material respects with the Gas Specifications. Any Gas not in compliance with the Gas Specifications is deemed to be non-conforming Gas. MFC Power LP reserves the right to reject non-conforming Gas in accordance with the terms of this Agreement. In the event MFC Power LP determines the Gas to be non-conforming, MFC Power LP, in its sole discretion, may: (i) accept the Gas whereupon MFC Power LP is entitled to an adjustment to the Gas Price; or (ii) reject the non-conforming Gas whereupon MFCPP shall deliver conforming Gas within two (2) days. In the event that MFCPP fails to provide conforming Gas within two (2) working days of the notice of rejection, in addition to the remedies set forth in Section 6.2, MFC Power LP may, but shall not be required to purchase an equivalent amount of Auxiliary Gas from another supplier.

2.7 Rate of Delivery

So far as is reasonably practicable, MFCPP will make Gas available for delivery to MFC Power LP, and MFC Power LP will accept delivery of Gas, on a regular and even basis throughout each year, provided that MFCPP will increase or decrease deliveries as required to allow MFC Power

LP to accommodate Scheduled Outages. MFCPP acknowledges that MFC Power LP will be exchanging electricity through the Power Pool, and in connection therewith, MFCPP will, using commercially reasonable efforts, cooperate in increasing or decreasing deliveries of Gas to MFC Power LP as required to allow MFC Power LP to comply with its obligations to the AESO.

2.8 Transportation

MFCPP will be responsible for transporting Gas from the Gas Plant, or such other locations from which Gas is sourced or produced, to the Transfer Point. All such deliveries of Gas by MFCPP to MFC Power LP shall be performed in a commercially reasonable manner in accordance with all Applicable Laws and shall be coordinated with MFC Power LP to ensure MFC Power LP has the personnel and facilities available to accommodate such deliveries and that such deliveries do not interfere with the operation of the Power Assets.

2.9 Measurement of Gas Volumes

MFCPP will calculate the volume of Gas supplied to MFC Power LP by metering all Gas at the Metering Facilities. MFCPP will report on or before noon on the sixth day of every month the total volume of all deliveries from the Gas Plant to a Transfer Point, up to and including the immediately-preceding Sunday.

2.10 Quality Testing and Measurement

- (a) MFCPP shall operate the Metering Facilities and shall measure the volumes of Gas delivered to such Metering Facilities.
- (b) The volume and associated heating value of all Gas reported at the Transfer Points shall be measured and determined by MFCPP, using the Metering Facilities. The heating value of the Gas measured shall be based on the most recent gas sample analysis performed by MFCPP.
- (c) MFCPP shall sample Gas at the point of measurement every six (6) month period or at such intervals as MFCPP may require acting reasonably, depending upon the magnitude of the compositional variances. The cost of sampling and analysis shall be borne by MFC Power LP.
- (d) MFC Power LP shall have the right to have a representative present at the time that samples of Gas are taken. MFCPP shall provide MFC Power LP with forty-eight (48) hours' prior notice of the sampling. Should MFC Power LP not have a representative present, the results of the sampling shall nevertheless be considered accurate until the next test.

- (e) The accuracy of the Metering Facilities shall be verified by MFCPP at a minimum frequency as specified in all applicable law, regulations or regulatory requirements pertaining thereto or a minimum of once per year or as agreed to by the Parties. The cost of such verification shall be borne by MFC Power LP. The Metering Facilities shall be open for inspection by MFC Power LP at all reasonable times. In the event of an inspection, MFC Power LP will provide MFCPP with at least forty-eight (48) hours' prior notice.
- (f) Should any question arise as to the accuracy of measurement, the Metering Facilities shall be tested upon demand of either Party and, if found to be correct or to be in error of not more than two percent (2%) with respect to Gas measurement (referred to herein as the "**Relevant Percentage**"), the expense of such testing shall be borne by the Party requesting the test. If the accuracy of the measurement is found to be incorrect by more than the Relevant Percentage, the expense of such testing shall be borne by MFC Power LP.
- (g) If, upon any test, the Metering Facilities are found to be in error of not more than the Relevant Percentage, previous readings of such Metering Facilities shall be deemed correct in computing the volumes being metered; provided however, such Metering Facilities shall be adjusted as soon as practicable to record accurately. If, upon any test, the Metering Facilities are found to be in error by any amount exceeding the Relevant Percentage, then any previous readings of the Metering Facilities shall be corrected to zero error for any previous period which is known definitely or agreed upon by the parties, but in the event the period is not known definitely or agreed upon by the parties, such correction shall be for a period covering half of the time period lapsed since the date of the last test.
- (h) In the event the Metering Facilities are out of service or require repair, such that the volume being measured is not correctly indicated by the reading thereof, the volumes attributable to the period shall be estimated and agreed upon by the parties on the basis of the best data available by using the most appropriate of the following methods:
 - (i) by using the registration of any check metering facilities, if installed and accurately registering; or
 - (ii) by correcting the error if the percentage of error is ascertainable by calibrations, tests or mathematical calculations; or
 - (iii) by estimating on the basis of actual volumes measured during the preceding period under similar conditions when the Metering Facilities were registering accurately.

- (i) The unit of measurement of Gas for all purposes hereunder shall be one thousand cubic meters (1000m^3) measured to an accuracy of one (1) decimal place at an absolute pressure of one hundred one point three two five kilopascals (101.325 kPa) at a temperature of fifteen degrees Celsius (15°C).
- (j) Volumes of Gas measured by vortex shedding meters shall be computed in accordance with the methods prescribed in the publication entitled "Measurement of Fuel Gas by Turbine Meters, American Gas Association, Transportation Measurement Committee Report No.7" including the Appendix thereto as published in 1981, and any subsequent revisions thereto.
- (k) For the purposes of measurement and meter calibration, the atmospheric pressure at the point of measurement hereunder shall be assumed to be ninety-three decimal zero seven nine kilopascals (93.079kPa) irrespective of the actual elevation or location of any of the metering facilities above sea level or variations in the atmospheric pressure from time to time.

2.11 Prompt Inspection

MFC Power LP shall have the right to have a representative present at the time that samples of Gas are taken for the purposes of quality testing and measurement. Such testing will be done in accordance with standard industry testing procedures and Section 2.10. MFCPP will have the right to attend at, observe and otherwise participate in any such inspection and/or testing procedures. If any inspection or testing indicates that Gas being delivered to MFC Power LP at the Transfer Points, as the case may be, does not meet the Gas Specifications in all material respects, MFC Power LP may request an independent analysis of Gas from the Gas Plant, and MFCPP will take corrective steps to ensure that future deliveries meet such requirements. MFCPP shall provide MFC Power LP or its employees, contractors, agents or other representatives with access to the Gas Plant for the purpose of the inspection, subject to the safety policies of the Gas Plant.

2.12 MFC Power LP Reporting Obligations

MFCPP will cooperate with, and assist, MFC Power LP in preparing and providing all reports and plans required of MFC Power LP in connection with this Agreement and the supply and consumption of Gas hereunder or as reasonably required in connection with the operation of the Power Plant, including, without limitation, all annual gas reports and other reports.

PART 3 - TITLE AND RISK

3.1 Title to Gas

Title to and risk of loss with respect to Gas sold and delivered hereunder by MFCPP will pass to MFC Power LP at such time as such Gas is delivered to the Power Site at the isolation valve located outside the Power Plant (the "**Isolation Valve**"). For clarity, MFCPP shall have responsibility for and assume liability with respect to such Gas prior to delivery to MFC Power

LP at the Isolation Valve and MFC Power LP shall have responsibility for and assume liability with respect to such Gas after its delivery to MFC Power LP at the Isolation Valve.

3.2 Warranty to Title

MFCPP warrants that it has all rights necessary to transfer title to the Gas to MFC Power LP by having all right, title and interest in and to the Gas.

PART 4 - FORCE MAJEURE AND CURTAILMENT

4.1 Performance Excluded

If a Party is unable to perform all or part of its obligations hereunder (other than obligations to make payment) due to Force Majeure and such Party notifies the other Party as soon as practicable of the Force Majeure and the extent to which the Force Majeure is expected to impact such Party's performance, then the failure of the Party claiming Force Majeure (the "**Claiming Party**") to perform is excused to the extent and for the duration of the Force Majeure and the obligations of the Claiming Party shall be suspended to the extent and for the duration of the Force Majeure. The Claiming Party shall use commercially reasonable efforts to terminate or avoid the Force Majeure and resume performing its obligations following the conclusion of the Force Majeure period. However, the terms of settlement of any strike, lockout or other industrial disturbance shall be wholly at the discretion of such Party, and that Party shall not be required to accede to the demands of its opponents in any strike, lockout or industrial disturbance solely to remedy promptly the Force Majeure thereby constituted. In addition, an event shall not constitute a Force Majeure excusing MFCPP of its obligation to deliver Gas hereunder if it retains the ability to source Gas from third parties, including ATCO, to meet its Gas delivery obligations hereunder. If a condition of Force Majeure prevails for more than 6 months MFC Power LP may terminate this Agreement.

4.2 Co-Operation

During each period of shutdown or curtailment under Section 4.1, MFC Power LP will assist and co-operate with MFCPP to minimize the detrimental effects of such shutdown or curtailment except that MFC Power LP will not be required to incur any cost in respect thereof.

4.3 No Cumulative Obligation

Where, as a result of a shutdown or curtailment pursuant to Section 4.1, MFC Power LP reduces or discontinues its purchases, MFC Power LP will not be obliged, upon resuming its purchases, to purchase any additional volumes to make up for such discontinuance or curtailment of purchases.

4.4 Alternative Disposition

If MFC Power LP gives notice under Section 4.1 to discontinue or curtail the purchase of Gas, MFCPP may dispose of such Gas during or after such discontinuance or curtailment as it sees fit.

PART 5 - CONTRACT PERIOD

5.1 Term

The Term of this Agreement will begin on the Commencement Date and expire on the day that is 10 years following the COD with automatic one year renewals at MFC Power LP's option (the "Term").

5.2 Termination

This Agreement may be terminated by MFC Power LP at any time during the Term (the "Termination Date"), provided written notice of termination is provided to MFCPP at least 6 months prior to the Termination Date. This Agreement may be terminated by MFCPP only if the Gas Plant is permanently shut down or decommissioned, and written notice of termination is provided to MFC Power LP at least 6 months prior to the Termination Date (the "Notice Period"). In the event that the MFCPP terminates the Agreement, MFCPP shall, if so required by MFC Power LP, continue to supply Gas to MFC Power LP during the term of the Notice Period, assist MFC Power LP in making new arrangements (the "Third-Party Arrangements") for MFC Power LP to purchase Gas from a third party, which shall include, but is not limited to, cooperating with MFC Power LP with respect to the installation of any necessary infrastructure for the transmission of Gas and providing MFC Power LP with the necessary access to the Gas Lands in connection with such installations. MFCPP hereby agrees to pay all reasonable and documented costs which MFC Power LP may incur in connection with the Third-Party Arrangements.

5.3 Cross-Termination with Electricity Purchase Agreement

Notwithstanding anything to the contrary in this Agreement, if the Electricity Purchase Agreement is terminated in accordance with its terms for any reason whatsoever (other than by the expiration of its term), then MFC Power LP may terminate this Agreement on the effective date of such termination of the Electricity Purchase Agreement by providing prior written notice to MFCPP of such termination.

PART 6 - DEFAULT

6.1 Event of Default

An Event of Default will exist with respect to a Party if such Party has committed a material default in the performance of its obligations hereunder or a material breach of its representations and warranties (for the purposes of this Section 6.1, the failure by a Party to make two successive payments required under this Agreement, other than a failure arising from a bona fide dispute over the requirement to make such payment, will be deemed to be a material default), notice has

been given to such Party by the other Party specifying the default and such default remains unremedied, and:

- (a) in respect of a failure to make two successive payments required under this Agreement, more than 30 days have elapsed since the date that the notice is delivered to such party;
- (b) in any other case, more than 60 days have elapsed since the expiration of such period following the giving of such notice during which such Party might by the exercise of reasonable diligence have remedied the default; or
- (c) in the case of a default that could not, by the exercise of reasonable diligence, be remedied within the period described in Subsection 6.1(b), the earlier of:
 - (i) the day on which the Party fails or refuses to act diligently to remedy the default; and
 - (ii) the day on which it becomes evident to the other Party, acting reasonably, that such default will not be remedied in a reasonably timely manner regardless of the actions taken by such Party.

6.2 Remedies upon Event of Default

- (a) Upon the occurrence and continuation of an Event of Default, the non-defaulting Party shall have the right to terminate this Agreement and/or exercise all other remedies available at law and in equity.
- (b) Without limiting any other provision of this Agreement, in the event MFCPP fails to deliver Gas for any reason, in addition to any rights otherwise available to MFC Power LP hereunder, MFC Power LP shall have the right to procure Auxiliary Gas and collect cover damages from MFCPP in an amount equal to the positive difference between the Gas Price and the price paid for Auxiliary Gas, including any and all transportation costs, plus any and all fees, expenses and penalties incurred by MFC Power LP in the procurement and use of such Auxiliary Gas. MFCPP shall assist and cooperate with MFC Power LP in the procurement of Auxiliary Gas, including the provision of necessary infrastructure for the transmission of the Auxiliary Gas, upon the request by MFC Power LP in the event that MFCPP fails to deliver Gas for any reason.

6.3 Indemnities

- (a) MFCPP agrees to indemnify and save harmless MFC Power LP, its parents, affiliates, subsidiaries, officers, directors, employees and representative from any and all claims, demands, losses (including reasonable attorney's fees at the trial and appellate level) arising out of or resulting from any negligence of MFCPP or breach by MFCPP of Applicable Law.

- (b) MFC Power LP, to the extent permitted by law, agrees to indemnify and save harmless MFCPP, its parents, affiliates, subsidiaries, officers, directors, and employees from any and all claims, demands, losses (including reasonable attorney's fees at the trial and appellate level) arising out of or resulting from any negligence of MFC Power LP or breach by MFC Power LP of Applicable Law.

PART 7 - DISPUTE RESOLUTION

7.1 Referral to Senior Management

If the Parties fail to agree on any matters referred to in this Agreement, either MFC Power LP or MFCPP may by notice to the other refer the dispute to the senior management of MFC Power LP and MFCPP or such other Persons as they may designate who will make their best efforts to determine a commercially fair and equitable solution to that dispute. A decision reached by such Persons and communicated by them in writing to the Parties hereto will be binding on all Parties to the dispute and will be implemented.

7.2 Arbitration

If no decision with respect to a matter, issue or dispute is so communicated by such senior management of MFC Power LP and MFCPP or such designates within 30 days after notice pursuant to Section 7.1 has been given, the matter in dispute shall be referred to a single arbitrator under the *Arbitration Act* then in effect in Alberta whose decision thereon will be final, binding and conclusive.

7.3 Place of Arbitration

All arbitration proceedings will be conducted in Calgary, Alberta.

7.4 Decision Binding

A decision of an arbitrator under this Agreement, including any decision as to costs, will be final and binding on the parties but will not be a precedent in any subsequent arbitration.

7.5 Survival

This Part 7 will survive any termination of this Agreement and will continue to be binding upon the parties, their successors and permitted assigns and be enforceable against them.

PART 8 - GENERAL PROVISIONS

8.1 Severability

Each provision of this Agreement is intended to be severable and, accordingly:

- (a) the unenforceability or invalidity of any particular provision under any applicable law will not affect the validity of any other provision, except that if, on the reasonable construction of this Agreement as a whole, the other provision is expressly stated, or is by reasonable implication intended by the parties, to be dependent on the validity and enforceability of the particular provision, the other provision will be deemed also to be invalid or unenforceable;
- (b) if any provision of this Agreement is invalid or unenforceable, the balance of this Agreement will be construed and enforced as if all invalid or unenforceable provisions and all provisions so deemed to be invalid or unenforceable were not contained herein; and
- (c) if, as a result of a determination by a court of competent jurisdiction that any part of this Agreement is unenforceable or invalid, and of any application of this Section 8.1, the basic intentions of the parties, as evidenced by this Agreement, are entirely frustrated, the parties will use all reasonable efforts to amend, supplement or otherwise vary this Agreement in order that it more closely conforms with their mutual intentions in entering into this Agreement.

8.2 Amendment

No amendment, waiver, termination or variation of the terms, conditions, warranties, covenants, agreements and undertakings set out herein will be of any force or effect unless the same is reduced to writing duly executed by all parties hereto.

8.3 Waiver

No waiver of any of the provisions of this Agreement will constitute waiver of any other provision (whether or not similar) and no waiver will constitute a continuing waiver unless otherwise expressly provided.

8.4 Governing Law and Attornment to Jurisdiction

This Agreement shall be constructed, interpreted and enforced in accordance with, and the respective rights and obligations of the Parties shall be governed by, the laws of the Province of Alberta and the federal laws of Canada applicable therein, and each Party hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

8.5 Mutual Cooperation

The Parties hereto acknowledge that circumstances may arise from time to time which cause or impose hardships or difficulties not foreseen by the Parties at the date of this Agreement. The

Parties agree to use all commercially reasonable efforts to resolve any hardships or difficulties arising from such unforeseeable circumstances in the spirit of mutual goodwill and cooperation.

8.6 Consequential Damages

Any liability of either Party to the other for breach of this Agreement or for negligence of its directors, officers, employees, agents and contractors will not extend to or include liability for loss of profits or contribution, loss of use of property or other consequential damages, provided that nothing herein shall prevent MFC Power LP from claiming such damages against MFCPP in the event that MFCPP breaches its obligations to deliver Gas under Section 2 and Section 6.2(b) hereof.

8.7 Maintenance of Records

Each Party will maintain detailed records of all measurements and tests made by it by reference to which, pursuant to this Agreement, the performance of an obligation by either Party is measured or the extent of an obligation that either party is to perform is calculated and will make such records available to the other Party for inspection at all reasonable times.

8.8 Entire Agreement

This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters.

8.9 No Other Representations

No director, officer, employee or agent of either Party has any authority to make any representation, warranty or covenant not contained in this Agreement, and each Party agrees that it has executed this Agreement without reliance upon any such representation, warranty or covenant.

8.10 Excise Tax Act Election

MFCPP and MFC Power LP shall jointly execute in the prescribed form, and shall file within the prescribed time, an election under Section 156 of the *Excise Tax Act* (Canada) that the provision of the Gas hereunder be deemed to be supplied for nil consideration for the purposes of the *Excise Tax Act* (Canada).

8.11 MFCPP Excise Tax Act Registration

MFCPP is registered for the purposes of Part IX of the ETA and has been assigned registration number 77614 0300 RT0001.

8.12 MFC Power LP Excise Tax Act Registration

MFC Power LP is registered for the purposes of Part IX of the ETA and has been assigned registration number 80681 1568 RT0001.

8.13 Assignment

In the event that the Power Plant is sold, then in connection with such sale, MFC Power LP may assign all of its right, benefit or interest in this Agreement to the purchaser under such transaction without consent of MFCPP, such consent not to be unreasonably withheld. MFC Power LP may assign any of its right, benefit or interest in this Agreement to its affiliates without the consent of MFCPP. MFC Power LP may not assign any right, benefit or interest in this Agreement, other than to its Affiliates, without the consent of MFCPP, except as specifically provided herein. In the event that the Gas Plant is sold, then in connection with such sale, MFCPP may assign all of its right, benefit or interest in this Agreement without consent of MFC Power LP, such consent not to be unreasonably withheld. MFCPP may not directly or indirectly sell or otherwise transfer all or substantially all of the assets comprising the Gas Plant, unless the acquirer thereof assumes all of the rights, benefits and obligations of MFCPP under this Agreement. MFCPP may not assign any right, benefit or interest in this Agreement without the written consent of MFC Power LP, except as specifically provided herein.

8.14 Binding Effect

This Agreement will enure to the benefit of and be binding upon the respective legal representatives, successors and permitted assigns of the parties.

8.15 Time of Essence

Time is of the essence in the performance of each obligation under this Agreement.

8.16 Further Assurances

Each Party will, at its own expense and without expense to the other, execute and deliver such further agreements and other documents and do such further acts and things as the other reasonably requests to evidence, carry out and give full force and effect to the intent of this Agreement.

8.17 Notice

Every notice, request, demand or direction (each, for the purposes of this Section 8.17, a "notice") will be delivered or sent by facsimile, or other similar form of written communication, in each case, addressed as applicable as follows:

If to MFC Processing Partnership at:

Suite 400 – 1035 7th Avenue SW

Calgary, Alberta
T2P 3E9
Facsimile: 403-652-1369
Attention: President of General Partner

If to MFC Power Limited Partnership at:

Suite 400 -1035 7th Avenue SW
Calgary Alberta
T2P 3E9
Facsimile: 403-652-1369
Attention: President of General Partner

or to such other address as is specified by the particular party by notice to the other.

8.18 Deemed Receipt

Any notice delivered or sent in accordance with Section 8.17 will be deemed to have been given and received:

- (a) if delivered, on the first Business Day after the day of delivery; and
- (b) if sent by facsimile or other similar form of written communication, on the first Business Day after the day of transmittal.

8.19 Counterparts and Electronic Execution

This Agreement may be executed in any number of counterparts by one or more parties hereto and such counterparts, each of which when so executed and delivered, shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument. An executed counterpart of this Agreement may be delivered by facsimile transfer or similar form of electronic communication from one party to the other provided that an original executed counterpart is promptly delivered to such receiving party.

[Signature page follows.]

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

MFC PROCESSING PARTNERSHIP

By: _____

Name: _____

Title: _____

**MFC POWER LIMITED
PARTNERSHIP**, by its general partner,
**MFC POWER GENERAL PARTNER
LTD.**

By: _____

Name: _____

Title: _____

SCHEDULE A

GAS SPECIFICATIONS

Gas shall be delivered to the Transfer Point in accordance with the following specifications:

- 1) delivered at a volume between 0-4500 sm^3/hour ;
- 2) delivered at a delivery pressure of 450 kPag;
- 3) shall not contain sand, dust, gums, crude oil, compressor lubricating oils, condensates, impurities and other substances that may be injurious to pipelines or which may interfere with its transmission through its pipelines or its commercial utilization;
- 4) shall not have a hydrocarbon dew point in excess of -10°C at an absolute pressure of 5,500 kPa;
- 5) shall not contain more than six milligrams per cubic metre ($6 \text{ mg}/\text{m}^3$) of hydrogen sulphide (H_2S);
- 6) shall not contain more than five milligrams per cubic metre ($5 \text{ mg}/\text{m}^3$) of methyl mercaptan sulphur;
- 7) shall not contain more than twenty-three milligrams per cubic metre ($23 \text{ mg}/\text{m}^3$) of total sulphur;
- 8) shall not contain more than two percent (2%) by volume of carbon dioxide at 5,500 kPa;
- 9) shall not contain more than sixty-four milligrams per cubic metre ($64 \text{ mg}/\text{m}^3$) of water vapour; and; Refer to attached figures SP1031 (a) and (b) and excel spreadsheet titled AP Water Vapour Calc.xls when assessing water vapour content.
- 10) shall not exceed fifty degrees (50°C) in temperature;
- 11) shall have a Gross Heating Value of not less than thirty-six megajoules per cubic metre ($36.0 \text{ MJ}/\text{m}^3$); and
- 12) shall be as free of oxygen as can be achieved through exercise of all reasonable precautions, and shall not in any event contain more than four-tenth's percent (0.4 %) by volume of oxygen.

SCHEDULE B

TRANSFER POINT

Gas will pass from the Gas Plant to the Power Site at the following Transfer Point:

- The isolation valve located outside the Power Plant.

SCHEDULE C

MAP OF POWER SITE AND GAS LANDS

(See attached)

L-1

Exhibit D

Form of Lease

LEASE AGREEMENT

THIS AGREEMENT is dated for reference as of the ____ day of _____, 2015.

BETWEEN:

MFC PROCESSING PARTNERSHIP, a limited partnership organized under the laws of the Province of Alberta with an office at Suite 400 – 1035 7th Avenue SW, Calgary, Alberta, T2P 3E9;

(the "Landlord")

AND: MPP LTD., a corporation organized under the laws of the Province of Alberta with an office at Suite 1600 – 333 7th Avenue, SW, Calgary, Alberta, T2P 2Z1.

AND:

MFC POWER LIMITED PARTNERSHIP, a limited partnership organized under the laws of the Province of British Columbia having an office at Suite 400 -1035 7th Avenue, SW, Calgary, Alberta, T2P 3E9;

(the "Tenant")

WHEREAS:

A. Pursuant to an asset purchase agreement (the "**Purchase Agreement**") between the Landlord and the Tenant dated of even date herewith, the Landlord sold and the Tenant purchased a 16.5 mega-watt natural gas-fired power plant (the "**Power Plant**") located in High River, Alberta and certain related assets (the "**Power Plant Facility**"), but excluding title to the real property on which the Power Plant Facility is located;

B. The Landlord and Tenant entered into a management and operating services agreement dated of even date herewith;

C. The Landlord desires to lease to Tenant a portion of those certain lands located in High River, Alberta, on which the Power Plant Facility is located; and

D. The Power Plant Facility is expected to receive final commissioning on or around August 31, 2015.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants set out in this Lease, the parties represent, covenant and agree as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 In this Lease, unless something in the subject matter or context is inconsistent therewith, the following words and phrases shall have the meanings set forth below:

"Additional Rent" means all sums of money other than the Basic Rent which are required to be paid by Tenant to Landlord pursuant to the provisions of this Lease.

"Administrative Building" has the meaning ascribed thereto at Section 3.1 hereof.

"Affiliate" means, as applied to any Person, any other Person directly or indirectly Controlling, Controlled by, or under common Control with, that Person.

"Applicable Laws" means, in relation to any Person, transaction or event, all applicable provisions of laws, statutes, rules, regulations, official directives and orders of all federal, provincial, territorial, municipal and local governmental bodies (whether administrative, legislative, executive or otherwise), and final, non-appealable judgments, orders and decrees of all courts, commissions or bodies exercising similar functions in actions or proceedings in which the Person in question is a party, by which such Person is bound or having application to the transaction or event in question, including, for greater certainty, any Regulatory Approval, industry reliability standards or requirements adopted, applied, or imposed in Alberta pursuant to any of the foregoing.

"Basic Rent" has the meaning ascribed thereto at Section 6.1 hereof.

"Commencement Date" has the meaning ascribed thereto at Section 5.1 hereof.

"Consents" means all necessary third party notices, consents and approvals to any assignments of any Licences and Permits to the Tenant including all necessary consents, authorizations, registrations and approvals required by any Governmental Authority.

"Contaminants" means any pollutant, contaminant, waste, toxic, corrosive or hazardous substance, deleterious substance, dangerous substance, dangerous good or hazardous waste or special waste as defined in, or prohibited or regulated by, any Environmental Laws including, without limitation, asbestos, asbestos-containing materials, radioactive materials, urea formaldehyde and PCBs (polychlorinated biphenyls), and any substances whose presence and concentration in soil and groundwater is regulated by Environmental Laws.

"Control" (including with correlative meanings, the terms **"Controlling"**, **"Controlled by"** and **"under common Control with"**), as applied to any Person, means the power or rights to, directly or indirectly, either

- (a) elect a majority of the directors of that Person, or
- (b) direct or cause the direction of the management or policies, or business or affairs, of that Person,

whether through the beneficial ownership of securities or partnership or other ownership

interests, by contract, or otherwise. For greater certainty:

- (c) a Person shall be deemed to Control a partnership of which, in the case of a limited partnership, such Person or an Affiliate of such Person is the general partner, or, in all other cases, such Person or an Affiliate is a partner who has authority to bind the partnership;
- (d) a Person who Controls an entity is deemed to Control any entity that is Controlled, or deemed to be Controlled, by the entity; and
- (e) a Person is deemed to Control an entity if the aggregate of (A) any securities of the entity that are beneficially owned by that Person and (B) any securities of the entity that are beneficially owned by any entity Controlled by that Person, is such that, if that Person and all of the entities referred to in clause (B) of this paragraph (e) that beneficially own securities of the entity, were one Person, that Person would Control the entity.

"**Control Room**" has the meaning ascribed thereto at Section 3.1 hereof.

"**Easements**" has the meaning ascribed thereto at Section 3.1 hereof.

"**Effective Date**" means December 7, 2015.

"**Election Notice**" has the meaning ascribed thereto at Section 14.1(f) hereof.

"**Emergency Generator System**" has the meaning ascribed thereto at Section 14.1 hereof.

"**Emissions**" means any gas or other substance regulated pursuant to Applicable Laws governing the reduction, limitation, control, or management of:

- (f) greenhouse gases or global warming gases, including carbon dioxide, carbon monoxide, methane, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride;
- (g) nitrogen oxides, including nitrous oxide, whether expressed as NO_x, N₂O or NO₂;
- (h) sulphur oxides, including sulphur dioxide, whether expressed as SO_x or SO₂;
- (i) particulate matter or fine particles; or
- (j) other similar or related matters.

"**Encumbrance**" means any encumbrance of any kind whatsoever and includes, without limitation, a security interest, mortgage, lien, hypothec, pledge, assignment, charge, title retention agreement, option, security under Section 426 or Section 427 of the *Bank Act* (Canada), trust or deemed trust (whether contractual, statutory or otherwise arising), any covenant or other agreement, restriction or limitation relating to the transfer of the Power Plant Facility and the lease of the Premises and any (i) easement, (ii) restrictive covenant, (iii) right of way, (iv) restriction, (v) encroachment, (vi) title reservation of any kind with respect to real property, or (vii) adverse claim of any kind or character whatsoever.

"Environmental Laws" means Applicable Laws relating to the environment, including (a) those pertaining to reporting, licensing, permitting, investigating, remediating and cleaning up in connection with any release or discharge of Hazardous Substances or the threat of same, and (b) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances. Without limiting the generality of the foregoing, Environmental Laws shall include the Alberta Tier 1 Soil and Groundwater Remediation Guidelines published by the Alberta Government on May 21, 2014, as amended or replaced from time to time and the Alberta Tier 2 Soil and Groundwater Remediation Guidelines published by the Alberta Government on May 21, 2014, as amended or replaced from time to time.

"Environmental Liabilities" means any and all liability, claim, demand, obligation, cause of action, remediation, cost recovery action, investigation, proceeding, order, violation, damage, loss, cost, expense, judgment, penalty, or fine (whether arising or relating to any act, omission, occurrence, operation or activity transpiring prior to, on or following the Effective Date) asserted by any Person (including, without limitation, any private party or Governmental Authority), arising out of, or relating to: (i) Environmental Laws; (ii) the manufacture, construction, processing, distribution, use, holding, collection, accumulation, generation, treatment, stabilization, storage, disposal, handling or transportation of Contaminants; (iii) any releases of Contaminants; (iv) any sampling, assessment or monitoring of the environment; or (v) the removal, assessment, monitoring, sampling, abatement, remediation, risk, management, clean up, investigation, reporting or non-reporting of a release or discharge of Contaminants, or of contamination or pollution or of other adverse effects on the environment, including the compensation of any private party or Governmental Authority for losses suffered by them in respect thereof.

"Environmental Reports" has the meaning ascribed thereto at Section 17.1(k)(i) hereof.

"ETA" means the *Excise Tax Act* (Canada), as amended from time to time, as such act applies to and governs GST/HST.

"Fuel Gas System" has the meaning ascribed thereto at Section 14.1 hereof.

"Gas Plant" has the meaning ascribed thereto at Section 3.1 hereof.

"Gas Plant Premises" has the meaning ascribed thereto at Section 3.1 hereof.

"GHG" has the meaning ascribed thereto at Section 10.8 hereof.

"GHG Regime" has the meaning ascribed thereto at Section 10.8 hereof.

"Good Industry Practice" means any of the practices, methods and activities adopted by, engaged in or approved by a significant portion of the electric generation industry in North America as good practices applicable to the design, engineering, procurement, development, construction, commissioning, ownership, operation, maintenance and decommissioning of power generation facilities of similar type, size and capacity as the Power Plant Facility, from time to time, or any of the practices, methods or activities which, in the exercise of skill, diligence, prudence, foresight and reasonable judgment in light of the facts known or reasonably ascertainable at the time the decision was made, could reasonably have been expected to accomplish the desired result at a reasonable cost consistent with good business practices,

reliability, safety, expedition and Applicable Laws. Good Industry Practices are not intended to be limited to the optimum practices, methods or acts to the exclusion of all others, but rather are intended to delineate acceptable practices, methods or acts generally accepted in the North America electric generation industry.

"Goods and Services Tax" means any and all goods and services taxes, sales taxes, value added taxes or any other such similar taxes imposed on the Landlord or the Tenant from time to time by any Governmental Authority in respect of the Basic Rent and/or Additional Rent payable hereunder or any other amount payable by the Tenant to the Landlord under this Lease or the rental of the Premises or the provision of any goods, services or utilities, whatsoever by the Landlord to the Tenant under this Lease, whether characterized as a goods and services tax, sales tax, value added tax or otherwise.

"Governmental Authority" means any federal, provincial, municipal, county or local government or regulatory department, body, instrumentality, agency, minister or other authority having jurisdiction over the Land, the Power Plant Facility or any of the Parties and includes any court, department, commission, bureau, board, administrative agency or regulatory body of any of the foregoing and, for greater certainty, includes the Alberta Electric System Operator or any successor thereof.

"Hazardous Substances" means any substance or material that is prohibited, controlled or regulated by any Governmental Authority pursuant to Applicable Laws or Regulatory Approvals, including pollutants, contaminants, dangerous goods or substances, toxic or hazardous substances or materials, wastes (including solid nonhazardous wastes and subject wastes), petroleum and its derivatives and by-products, and other hydrocarbons, all as defined in or pursuant to any Applicable Laws, including Environmental Laws, but shall not include or mean Emissions.

"Initial Term" has the meaning ascribed thereto at Section 5.1 hereof.

"Land" has the meaning ascribed thereto at Section 2.1 hereof.

"Landlord Related Parties" has the meaning ascribed thereto at Section 16.4 hereof.

"Landlord's Easements" has the meaning ascribed thereto at Section 3.7 hereof.

"Licences and Permits" means all licences, permits, authorizations, certificates, approvals, registrations, covenants, rights-of-way, rights-to-purchase, leasehold interests and other similar rights relating to the Power Business which in each case do not expire before the Effective Date.

"Loss" or "Losses" means awards, costs, damages, liabilities, fines, penalties, property damage, Taxes, personal injuries (including death), expenses (including legal fees) of any kind or nature, and amounts actually paid in full or partial satisfaction of any of the foregoing, which a Party is required at law to pay.

"Mortgage" means any mortgage, charge, deed of trust, debenture, similar security instrument, or indenture supplemental thereto or other form of encumbrance (as defined in the *Land Titles Act* (Alberta)) or security in respect of a Party's interest in the Premises, whether it be created by way of assignment or otherwise, all as renewed, extended, modified, replaced or supplemented

from time to time.

"Mortgagee" means the holder of any Mortgage.

"Operator Amenities" has the meaning ascribed thereto at Section 3.1 hereof.

"Option to Purchase Terms" has the meaning ascribed thereto at Section 14.1(f) hereof.

"Parties" means all those Persons that have executed or have otherwise become a party to this Lease, and **"Party"** means any one of them.

"Permitted Encumbrances" means:

- (i) subsisting reservations, limitations, provisions or conditions, including royalties, expressed in the original grants from the Crown of any of the Premises and the statutory exceptions to title currently applicable to the Premises;
- (ii) as of the date hereof, registered or pending reservations, easements, restrictive covenants, rights-of-way or charges granted by or in favour of utilities or public authorities;
- (iii) a claim of right, title or jurisdiction which may be made or established by any aboriginal peoples by virtue of their status as aboriginal peoples to or over any lands, waters or products harvested therefrom;
- (iv) undetermined or inchoate liens and charges incidental to current construction or current operations which have not been filed or registered in accordance with Applicable Law or of which written notice has not yet been duly given in accordance with Applicable Law or that relate to an obligation not yet due or delinquent, which in each case relate to the Power Plant Facility;
- (v) liens for taxes, local improvements, assessments or governmental charges or levies not at the time due or delinquent, provided, however, where such taxes, local improvements, assessments or governmental charges or levies are payable in installments over a period of time, the installment for the then current portion thereof shall be adjusted between the Tenant and the Landlord at Closing;
- (vi) as of the date hereof, any minor encroachments by any structure located on the Premises onto any adjoining lands that do not materially affect the use and enjoyment of such adjoining lands or unless permitted by an encroachment agreement; and any minor encroachment by any structure located on adjoining lands onto the Premises or any of them that do not materially affect the use and enjoyment of the Premises or unless permitted by an encroachment agreement;
- (vii) the provisions of registered municipal by-laws, including those relating to zoning;
- (viii) as of the date hereof, registered easements for the supply of utilities or telephone services to any portion of the Land and for drainage, storm or sanitary sewers, public utility lines, telephone lines, or other services;

- (ix) as of the date hereof, registered easements or rights-of-way for the passage, ingress and egress of Persons and vehicles over parts of the Premises;
- (x) the Landlord's Easements;
- (xi) Instrument No. 961 307 287 – Caveat Re: Right of Way Agreement;
- (xii) Instrument No. 041 021 147 – Utility Right of Way;
- (xiii) Instrument No. 051 008 240 – Caveat Re: Pipeline Right of Way; and
- (xiv) other registered instruments approved by the Tenant in writing.

"Person" means and includes any natural person, corporation, limited partnership, general partnership, joint stock company, joint venture, association, company, limited liability company, trust, bank, trust company, land trust, business trust or other organization, whether or not a legal entity, any Governmental Authority, and the heirs, executors, administrators or other legal representatives of a natural person, as the case may be.

"Power Business" means the business of the Tenant relating to the generation, marketing and sale of electrical energy and operation of the Power Plant Facility and all complementary, incidental and ancillary activities relating thereto or in furtherance thereof.

"Premises" has the meaning ascribed thereto at Section 2.1 hereof.

"Prime Rate" means the annual rate of interest announced from time to time by Landlord's principal banker in Calgary as its reference rate of interest for commercial demand loans made in Canada in Canadian funds to borrowers of varying degrees of credit worthiness.

"Property Taxes" means all immovable property taxes, surtaxes, taxes on non-residential immovables, water and service rates, duties and assessments, whether municipal, school, local improvement, general or special, imposed from time to time by any taxing authority in respect of the Premises or upon Landlord or the owner(s) on account of its/their interest therein, and all costs, fees, expenses and time charges incurred by Landlord in contesting any Property Taxes or negotiating with taxing authorities with respect to Property Taxes, including without limitation, all legal, appraisal and other fees and charges. Property Taxes shall not include Goods and Services Tax. If the system of real estate taxation is altered or varied from that in force at the Commencement Date and/or if any new tax shall be levied or imposed on all or any part of the Premises and/or Landlord in substitution for or in addition to previously existing taxes, then any altered, varied or new tax or levy shall be included within Property Taxes.

"Regulatory Approvals" means any authorization, consent, certificate, registration, approval, license, ruling, permit, exemption, variance, order, judgment, decree, declarations of or regulation given by or required from any Governmental Authority under any Applicable Laws (including Environmental Laws) in respect of, or which are in any way material to, the Power Business.

"Relocation" has the meaning ascribed thereto at Section 14.1 hereof.

"Renewal Term" has the meaning ascribed thereto at Section 5.2 hereof.

"**SGER**" has the meaning ascribed thereto at Section 10.8 hereof.

"**SGRR**" has the meaning ascribed thereto at Section 10.8 hereof.

"**Subdivision**" means the legal subdivision of a portion of the Land, causing a separate certificate of title to be issued for such portion of the Land by the Alberta Land Titles Office.

"**Tenant Related Parties**" has the meaning ascribed thereto at Section 16.5 hereof.

"**Term**" has the meaning ascribed thereto at Section 5.3 hereof.

"**Transfer**" shall include any assignment, any sub-lease of all or any part of the Premises or any use of all or any part of the Premises by any Person which is not Tenant or an Affiliate of Tenant, whether voluntarily or involuntarily or by operation of law.

"**Transferee**" means any person, firm, trust, corporation or other legal entity to whom or to which a Transfer is effected or purported to be effected.

"**Transaction Documents**" has the meaning set forth in that certain Asset Purchase Agreement, dated the date hereof, between MFC Processing Partnership, as vendor, and MFC Power Limited Partnership, as purchaser.

ARTICLE 2 PREMISES AND INTENT OF LEASE

2.1 Subject to the terms and conditions of this Lease, Landlord leases to Tenant the premises designated as Area 'A' (Power Plant Site) and Area 'B' (Future Expansion Site) on Schedule A (the "**Premises**"), being a portion of those lands located in High River, Alberta, and legally described in Schedule B (the "**Land**") to this Lease.

2.2 It is the express intention of the parties that Tenant will not be liable to pay for or contribute to any cost or expense nor become responsible for liabilities of any nature whatsoever except as expressly stipulated in this Lease (or the other Transaction Documents). Any amount to be paid or any obligation to be performed which is not expressly declared to be that of Tenant shall be deemed to be an obligation of Landlord to be paid or performed by Landlord at Landlord's expense.

ARTICLE 3 EASEMENTS

3.1 The Landlord hereby grants to the Tenant the following easements and rights of access to enter onto, over and through the Land including on or through all of the Landlord's structures, buildings and improvements situate thereon (collectively, the "**Easements**"), together with rights of ingress and egress for all purposes incidental to the said grants for so long hereafter as the Tenant may desire and continue to exercise the rights and privileges hereby granted:

- (a) a blanket easement and right of access to the sour gas processing plant located on the Land (the "**Gas Plant**") and the portions of the Land on which the Gas Plant

is situated (the "**Gas Plant Premises**"), to access, enjoy and use in common with others entitled thereto, the following amenities (the "**Operator Amenities**") situated on the Gas Plant Premises:

- (i) all amenities located on the ground floor of the administrative building owned and operated by the Landlord as depicted on Schedule A (the "**Administrative Building**"), including the kitchen, locker room, meeting room, restrooms and access to the parking lot;
 - (ii) up to 260 square feet of office space in the Administrative Building. The Landlord shall, at its sole cost, own, operate and maintain the Administrative Building and all equipment, instruments, control panels, controls, switches, computers and/or other property installed or placed in the Administrative Building. The Landlord shall pay all Property Taxes or other taxes associated with the ownership of the Administrative Building; and
 - (iii) all other common areas, corridors and other common facilities that are available for use for the comfort or accommodation of the Landlord and Tenant's respective operating personnel.;
- (b) a blanket easement and right of access to the Gas Plant Premises and the Gas Plant control room (the "**Control Room**") and the Gas Plant inlet separator building and the storage facility located south of the Premises to install, construct, use, operate, maintain, repair and replace the Power Plant equipment contained therein and store a spare generator and other spare parts for the Power Plant Facility;
- (c) a blanket easement and right of access to the Gas Plant Premises to install, construct, use, operate, maintain, repair and replace:
- (i) the antenna tower (which is property of the Tenant) located outside the Gas Plant Control Room on the Gas Plant Premises and the AltaLink receiving radio antennae;
- (d) a blanket easement and right of access to enter on to those portions of the Land, including the portion of the Land between Area 'A' (Power Plant Site) and Area 'B' (Future Expansion Site) as designated on Schedule A, as reasonably necessary to allow the Tenant to install, construct, use, operate, maintain, repair and replace:
- (i) the existing and any new communications cabling necessary for the operation of the AltaLink receiving radio antennae;
 - (ii) the existing Gas Plant's gas pipeline running from the Gas Plant inlet separator building to the point of interconnection with ATCO and any new gas pipeline;
 - (iii) the existing electrical lines connecting the Premises to the FortisAlberta Inc. electrical grid, by means of the electrical lines connecting a

FortisAlberta Inc. transformer located on the Land to the switchgear located on the Premises and any new electrical lines;

- (iv) the existing drainage ditch serving as the storm and overland drainage for the Premises;
 - (v) all existing phone, cable and internet lines providing the Premises with phone and internet access and any new such lines;
 - (vi) any water pipes that may be built and used to provide potable or waste water access to the Power Plant Facility.
- (e) a blanket easement over any existing or new roadways or other portions of the Land:
- (i) as are reasonably necessary to access, make use of and enjoy any assets owned by the Tenant and used in the operation of the Power Plant Facility, including those set forth in this Section 3.1 hereof; and
 - (ii) as the parties may agree from time to time.

For indicative purposes only and without restricting the areas of the Easements, certain of the foregoing areas listed in Section 3.1 are identified on Schedule A.

3.2 The rights granted to the Tenant under the Easements:

- (a) shall extend and be exercised by the Tenant, its utility and service providers, servants, agents, employees, contractors, subcontractors, licensees, and to any other person from time to time authorized by the Tenant;
- (b) include the right to pass, repass and remain on the Lands in each case with or without tools, equipment, materials or vehicles and machinery;
- (c) shall be of the same force and effect to all intents and purposes as covenants running with the lands; and
- (d) are non-exclusive and shall not prevent the Landlord, its servants, agents, employees, contractors, subcontractors, licensees, and invitees from using the Land, provided such use shall not reasonably interfere with the rights granted to the Tenant herein.

3.3 In addition to its rights under the Easements, the Landlord shall at all times cooperate with the Tenant to ensure that it has, at all times, sufficient access to any assets owned by the Tenant and any easements, licenses or similar rights as are reasonably necessary for the Tenant in order to operate, use and enjoy the Power Business and the Power Plant. In connection therewith, the Landlord shall grant to the Tenant, its utility and service providers, servants, agents, employees, contractors, subcontractors, licensees, and to any other person from time to time authorized by the Tenant, such other rights to enter on to the Gas Plant Premises (i) as are

reasonably necessary to access any assets owned by the Tenant and used in the operation of the Power Plant Facility; and (ii) as the parties may agree from time to time.

3.4 Promptly following the Commencement Date and upon the Tenant's request, the Landlord and Tenant shall use their reasonable commercial efforts to complete, execute and register one or more registrable Easements or other instruments, to be in a form and to have content necessary to accomplish the purposes described herein and satisfactory to the Landlord and Tenant and the applicable utility and service providers, each acting reasonably.

3.5 The Tenant agrees that in exercising its rights under the Easements and those other rights granted in this Article 3, it shall conduct itself in accordance with the safety policies of the Gas Plant, such safety policies to be in accordance with industry standards

3.6 In order to permit the Tenant's free exercise of the Easements and those other rights granted in this Article 3, the Landlord shall not and shall not permit to be erected, built or maintained any buildings, structures, materials, equipment, vehicles, or other obstructions in, on, over or under those portions of the Land which is reasonably expected to have an adverse effect on the exercise of the Tenant's rights under the Easements and those other rights granted in this Article 3, without obtaining the Tenant's prior written consent, which consent may be arbitrarily withheld. If the Landlord erects, builds or maintains any thing in, on, over or under those portions of the Lands that has an adverse effect on the exercise of the Tenant's rights under the Easements or those other rights granted in this Article 3, the Landlord does so at the Landlord's own risk and the Tenant will not be liable for any damage to such thing if such damage results from the exercise by the Tenant of its rights hereunder.

3.7 The Tenant hereby grants to the Landlord, its utility and service providers, servants, agents, employees, contractors, subcontractors, licensees, and to any other person from time to time authorized by the Landlord, the following easements and rights of access to enter onto, over and through the Premises (collectively, the "**Landlord's Easements**"), together with rights of ingress and egress for all purposes incidental to the said grants for so long hereafter as the Landlord may desire and continue to exercise the rights and privileges hereby granted:

- (a) an easement and right of access to enter on to those portions of the Premises as reasonably necessary to allow the Landlord to install, construct, use, operate, maintain, repair and replace:
 - (i) the gas pipelines and cabling running across the Premises as identified on Schedule A; and
 - (ii) as the parties may agree from time to time.

3.8 Promptly following the Commencement Date and upon the Landlord's request, the Landlord and Tenant shall use their reasonable commercial efforts to complete, execute and register one or more registrable Landlord's Easements or other instruments, to be in a form and to have content necessary to accomplish the purposes described herein and satisfactory to the Landlord and Tenant and the applicable utility and service providers, each acting reasonably.

ARTICLE 4

DELIVERY OF PREMISES

4.1 Tenant acknowledges having examined the Premises and accepts the Premises "as is", and Tenant hereby declares itself being satisfied therewith. Tenant acknowledges that:

- (a) Landlord is not responsible pursuant to this Lease to make any changes or to perform any work to make the Premises suitable for Tenant's use; and
- (b) Landlord has made no representation or warranty, express or implied, as to the suitability or condition or fitness for any purpose of the Premises other than as set forth in the Transaction Documents.

4.2 The Landlord acknowledges that, pursuant to the Purchase Agreement, the Tenant is the owner of the buildings, improvements and fixtures situate on the Premises, and at all times shall remain personal property of the Tenant, notwithstanding that such buildings, improvements and fixtures are physically attached or affixed to or incorporated in or made a part of the Premises.

4.3 The Landlord covenants and agrees that, from the Effective Date until the termination of this Lease (including any extensions or replacements hereof), it shall not incur, create, assume or suffer to exist any Encumbrances (i) on the Premises, the Easements or the Power Plant Facility, except for Permitted Encumbrances and Encumbrances created by the Tenant and (ii) on the Land (excluding the Premises, the Easements or the Power Plant Facility), except for Permitted Encumbrances, Encumbrances created by the Tenant and Encumbrances that (A) would not have a material adverse effect on the Power Business, the Power Plant Facility or its operation, this Lease or the Easements and (B) are consistent with the rights granted to the Tenant under this Lease and the Easements.

ARTICLE 5 TERM

5.1 The initial term of this Lease will be for 26 years ("**Initial Term**") commencing on December 7, 2015 ("**Commencement Date**") and expiring on December 6, 2041.

5.2 Provided Tenant is not in default of its obligations or of any term of this Lease, Tenant may renew the Term for a maximum of five (5) consecutive five (5) year periods (each a "**Renewal Term**"), beyond the Initial Term, by the provision of written notice to Landlord, such notice to be provided not less than six (6) months prior to the expiration of the then effective Initial Term or Renewal Term. The Lease during each Renewal Term shall be upon the same terms and conditions as applied during the period terminating on the day immediately preceding the beginning of such Renewal Term, save and except that: for each Renewal Term, the Basic Rent (as defined hereinafter) will be as set forth in Section 6.1.

5.3 The Initial Term and the Renewal Term are hereinafter collectively referred to as the "**Term**".

5.4 Despite any present or future legislation to the contrary, neither this Lease nor the Term will be subject to tacit renewal. Should Tenant remain in possession of the Premises after the expiry of the Term or earlier termination of this Lease without the prior written consent of

Landlord, Tenant shall pay a monthly rental equal to 1.1 times the amount of Basic Rent and Additional Rent (as hereinafter defined) payable during the last month of the Term. Tenant will be deemed to be occupying the Premises as a tenant from month to month (the tenancy being terminable by either Landlord or Tenant upon thirty (30) days prior written notice to the other) and otherwise subject to all of the terms and provisions of this Lease applicable to such tenancy.

Tenant irrevocably acknowledges and agrees that if prior to the termination of the present Lease, negotiations which are entered into between Landlord and Tenant with respect to the terms of any extension of the present Lease, or the terms of any new lease, or with respect to any changes in the provisions of the present Lease, or with respect to any change in the Premises, or with respect to any other matter, such negotiations will in no event have any binding effect on either of the parties, unless and until a new written agreement between the parties is entered into and executed by both parties. Moreover, any draft agreements submitted by Landlord to Tenant shall be deemed to have been so submitted for discussion purposes only and shall not bind Landlord even if they have been signed by Tenant and returned to Landlord, unless and until they have been signed by Landlord. As a result, Tenant shall not allege any negotiations, discussions or verbal agreements to avoid its obligation of vacating the Premises on the termination date.

5.5 Notwithstanding anything herein to the contrary:

- (a) Tenant may, on six (6) months' written notice to the Landlord, terminate this Lease;
- (b) this Lease shall terminate on the earlier of:
 - (i) the date of completion of both the decommissioning of the Power Plant Facility by the Tenant, and the restoration of the Premises by Tenant in accordance with this Lease (and Tenant shall diligently commence and prosecute the completion of such restoration within one (1) year following decommissioning of the Power Plant Facility, except to the extent that Applicable Law or Regulatory Approvals relating to the Power Plant Facility require such restoration or aspects of such restoration to be completed at another time); and
 - (ii) such other date as is agreed in writing by the Parties.

Upon the termination of this Lease pursuant to this Section 5.5, the Tenant shall peaceably surrender vacant possession of the Premises to the Landlord in accordance with the provisions of this Lease and all Basic Rent and/or Additional Rent payable hereunder shall be apportioned and paid to the date of such termination.

ARTICLE 6 RENT

6.1 Tenant shall pay to Landlord for the Term, a Basic Rent ("**Basic Rent**") for the Premises, licences, Easements and right-of-ways granted pursuant to Article 3 equal to the following:

- (a) for the first year of the Initial Term, an amount, calculated at a rate of \$29,850 (or

\$5,887.57 per acre of the area of the Premises) per annum, payable in equal and consecutive monthly installments, and for the balance of the Initial Term, an amount, calculated at a rate of \$5,053 (or \$993.10 per acre of the area of the Premises) per annum payable in equal and consecutive monthly installments; and

- (b) for any Renewal Terms, an amount, calculated at a rate of \$5,035 (or \$993.10 per acre of the area of the Premises) per annum (subject to adjustment from time to time as may be agreed to by the Landlord and the Tenant), payable in equal and consecutive monthly installments.

The Basic Rent is payable in advance the first (1st) day of each month.

6.2 Notwithstanding, amounts payable pursuant to this Lease will be paid to Landlord firstly by way of offset against any amounts owing by Landlord to Tenant under any other Transaction Document. Landlord agrees that any offset claimed shall constitute a valid payment by Tenant hereunder.

6.3 It is expressly understood that the Basic Rent excludes the Goods and Services Tax which Tenant must pay in addition unless the Landlord and Tenant have elected under section 156 of the ETA to deem the lease to be made for nil consideration.

ARTICLE 7 ADDITIONAL RENT AND TAXES

7.1 Within a reasonable delay after the end of the period for which the estimated payments are intended to apply, Landlord will furnish Tenant with a statement, certified by an officer of the Landlord, showing the actual amount Tenant is required to pay toward Additional Rent. If the total of Tenant's provisional payments with respect to any such charge is less than the actual amount payable, the difference will become due and exigible with the next payment of Basic Rent following receipt of Landlord's statement. If Tenant's provisional payments exceed the actual amounts payable, Landlord will credit any such amount against other sums due or to become due by Tenant under this Lease. Within thirty (30) days after receipt of such statement from the Landlord, the Tenant shall be entitled, upon five (5) days' prior notice and during normal business hours at the Landlord's office or such other place as the Landlord may designate, to inspect and examine the books and records of the Landlord relating to the determination of Additional Rent for the immediately preceding Lease year.

7.2 Any Additional Rent shall be payable by Tenant to Landlord within thirty (30) days of Landlord rendering to Tenant an invoice for such amounts.

7.3 Tenant shall be responsible for all Property Taxes payable for the Premises. The parties agree to cooperate and use reasonable efforts to obtain assessments which separately identify the Property Taxes attributable to each of them and pay such Property Taxes directly to the relevant Governmental Authority. If the parties are unable to obtain separate assessments:

- (a) the Tenant will pay such amounts to the Landlord (without duplication) attributable to the Premises as determined by the parties, acting reasonably, and the Landlord shall pay such amounts to the relevant Governmental Authority, as

and when due; and

- (b) the Parties will reasonably cooperate with the other where one of them wishes to contest or dispute an assessment of Property Taxes affecting it or them, as the case may be.

ARTICLE 8 PAYMENT OF MONIES

8.1 The Basic Rent as well as all other amounts payable by Tenant to or for the account of Landlord pursuant to the terms of this Lease, shall be paid in lawful money of Canada when due, without the necessity of any demand therefore, renouncing to all claims of deduction, abatement, compensation or set-off against any amounts due or to become due hereunder, save and except as expressly provided herein.

8.2 Any amount Tenant does not pay when due shall bear interest at 0.5% above the Prime Rate, without prejudice to Landlord's other rights and recourses. Overdue interest will bear interest at the same rate.

8.3 If the Term begins on a day which is not the first day of a calendar month or ends on a day which is not the last day of a calendar month, then any amount with respect to that month will be apportioned on a *per diem* basis.

8.4 The obligations of Tenant to make any payments shall survive the expiration or earlier termination of this Lease, in respect of all amounts then due and payable hereunder.

ARTICLE 9 USE OF PREMISES

9.1 Tenant agrees that it will use the Premises for the purposes of operating, managing, repairing, maintaining and servicing the Power Plant Facility and any other related purpose, and will do so in material compliance with all Applicable Laws and Good Industry Practice.

9.2 Except as permitted or contemplated by this Lease or the Transaction Documents, Tenant shall not do, or permit anything to be done on or about the Premises or the Land which may materially injure or obstruct the rights of Landlord, or of co-tenants or other occupants of the Land, or of owners or occupants of adjacent or contiguous property, or do anything which is a nuisance.

9.3 Tenant shall not commit, cause or permit any material nuisance or waste on the Premises or those portions of the Land over which it has access pursuant to Article 3, or permit the emission of any offensive substance, odor, or noise from the Premises, except as consistent with the operation of the Power Plant Facility in accordance with Good Industry Practice.

9.4 Tenant shall at its own cost and expense, keep the Power Plant Facility and all improvements on the Premises in reasonable repair in accordance with Good Industry Practice.

9.5 Tenant shall pay all utility costs incurred on the Premises by reason of Tenant's operations

thereon.

9.6 Tenant will operate the Power Plant Facility so as not to unreasonably interfere in any material respect with any operations on the Gas Plant Premises as they exist at the date of this Lease, subject however at all times to the terms of this Lease, Applicable Laws and the requirements of any other Governmental Authority.

9.7 Landlord shall operate the Gas Plant so as not to unreasonably interfere in any material respect with any operations of the Power Plant Facility as they exist at the date of this Lease, subject however at all times to the terms of this Lease, Applicable Laws and the requirements of any other Governmental Authority.

9.8 Upon the Tenant paying the Basic Rent and Additional Rent hereby reserved at the times and in the manner herein provided and performing the covenants on the Tenant's part herein contained, the Tenant shall and may peaceably possess and enjoy the Premises for the Term without any interruption or disturbance from the Landlord or any other person or persons lawfully claiming by, from or under the Landlord.

9.9 If the whole or any part of the Premises shall be acquired or expropriated by an authority having the power for such acquisition or expropriation, then the Tenant may, in its discretion, immediately terminate this Lease from the date of entry by such authority. Nothing herein contained shall prevent the Landlord or the Tenant or both from recovering damages from such authority for the value of their respective interests expropriated and all other damages and expenses allowed by law.

9.10 Tenant agrees that the provisions of this ARTICLE 9 are essential conditions of this Lease.

ARTICLE 10 ENVIRONMENTAL PROVISIONS

10.1 Tenant will comply in all material respects with all applicable Environmental Laws. If Tenant is convicted of any offence contrary to any applicable Environmental Law which relates to the Premises which offence also has a material detrimental effect on the Premises, Landlord will have the option, in addition to any of its other rights and recourses hereunder or at law, and at its sole discretion, acting reasonably, to terminate this Lease forthwith by notice in writing if Tenant has been made aware of the problem and Tenant has not rectified the situation within 365 days, or such shorter period as determined by any Governmental Authority, or if the Tenant has not commenced steps toward rectification if incapable of being rectified within 365 days, or such shorter period as determined by any Governmental Authority, and Landlord will not be liable for any damages of any nature whatsoever arising out of such termination.

10.2 Tenant will obtain and comply, in all material respects, with all terms of all Regulatory Approvals under any applicable Environmental Laws for the safe and lawful conduct of its business at or from the Premises and the Land.

10.3 Tenant will store and dispose of all its waste and Hazardous Substances in a lawful manner, at its expense, and in accordance with Applicable Laws. Any waste or Hazardous Substances which Tenant must store in the Premises prior to disposal or prior to it being

collected by a waste collection contractor, will be stored in a manner and location which complies with all Environmental Laws at Tenant's expense. Tenant will permit Landlord to perform any reasonable inspections of Tenant's waste, Hazardous Substances and its operations in the Premises as may be required by Landlord from time to time. Tenant will comply with all reasonable requirements imposed by Landlord with respect to the implementation of a system for the storage, disposal and separation of waste or Hazardous Substances at the Premises.

10.4 Tenant will immediately report the occurrence of any release or discharge in the environment of any Hazardous Substances to all Governmental Authorities to whom notification is required under the applicable Environmental Laws and to Landlord. Tenant will immediately clean up and restore the natural environment affected by any such release or discharge to the standards required under Environmental Laws and upon request, provide Landlord with a certificate from Tenant's duly qualified consulting engineer confirming compliance with Environmental Laws. If Tenant fails or refuses to promptly clean up any such release or discharge and to restore the natural environment affected by any release or discharge which has occurred in, on, under, over or from the Premises, accidentally or otherwise, in compliance with Environmental Laws, or if in Landlord's opinion, acting reasonably, Tenant is not competent to do so, Landlord may elect in writing to carry out all or any part of the clean-up and restoration at Tenant's expense or/and Landlord will in addition, at its sole discretion, have the right to terminate this Lease forthwith by notice in writing to Tenant.

10.5 Upon the expiration of the Term or earlier termination of this Lease, Tenant will ensure that no Hazardous Substances that are not in compliance with Environmental Laws remain in, on, under or over the Premises as a result of its operations during the Term (but shall have no obligation with respect to any Hazardous Substances existing in, on, under or over the Premises prior to the Commencement Date or that migrated from the Gas Plant, Gas Plant Premises or other third party lands, in, on, under or over the Premises after the Commencement Date).

10.6 Tenant shall immediately report and remit to Landlord any notices of non-conformity or contraventions to any Environmental Laws, which Tenant may receive throughout the Term of this Lease. Tenant shall perform what is required by and conform itself to any such notices received throughout the Term of this Lease.

10.7 Notwithstanding anything else contained herein or in any other Transaction Document to the contrary, Tenant shall have no obligation or liability to Landlord with respect to the Premises in respect of any Hazardous Substance or under any Environmental Law, the release or discharge of which arose prior to or after the Tenant's occupancy or control of the Premises.

10.8 In the event that the Power Plant and Gas Plant are characterized as one facility by the Alberta government and together exceed 100,000 tonnes of greenhouse gas ("GHG") emissions or such other threshold as determined by the Alberta *Climate Change and Emissions Management Act*, SA 2003, c.C-16.7 ("Act") the *Specified Gas Reduction Regulation* ("SGRR"), and the *Specified Gas Emitters Regulation* ("SGER") (collectively the Act, the SGRR, the SGER and any other regulations enacted under the Act are hereafter referred to as the "GHG Regime"), and to the extent that any reduction in GHG emissions intensity applicable to the Power Plant and Gas Plant together is required pursuant to the GHG Regime, the Parties shall cooperate in good faith to reduce the respective GHG emissions intensities of the Power Plant and Gas Plant to ensure the required GHG emission intensity as applicable to the Power Plant

and Gas Plant together, is attained. If the required GHG emissions intensity applicable to the Power Plant and Gas Plant together cannot be attained, then the Parties shall cooperate in good faith to independently reduce the GHG emissions intensities of their respective plants as much as possible, taking into account good operating practices. Thereafter the Parties shall be responsible on a pro-rata basis according to the absolute contribution of GHG emissions from their respective plants relative to the overall GHG emissions and required GHG emissions intensity applicable to the Power Plant and Gas Plant together, for the purchase or obtaining of: fund credits; emissions performance credits; or emissions offsets; as may be applicable, to ensure compliance with the GHG Regime.

ARTICLE 11

MAINTENANCE, REPAIRS AND IMPROVEMENTS

11.1 Tenant is responsible for all maintenance, repairs and replacement to the Premises.

11.2 Tenant shall provide Landlord with a waiver and release of any and all liens, mortgages, charges or encumbrances that may be claimed for work to be performed or materials supplied under any contract or subcontract for Tenant work before any work starts. If any such waiver and release is not obtainable, Tenant will furnish adequate security acceptable in all respects to Landlord, acting reasonably, to guarantee the payment in full for all such work or materials as well as any administration or other ancillary costs which Landlord may incur in connection thereof.

11.3 Should any lien, mortgage, charge or encumbrance at any time be registered against the Premises or any part thereof by a third party in connection with any Tenant work, Tenant shall discharge same within thirty (30) business days after it has been notified of its registration. However, Tenant shall not be required to discharge the lien, mortgage, charge or encumbrance if it is validly and diligently contesting the amount or validity of such lien, mortgage, charge or encumbrance and furnishes Landlord with a guarantee sufficient to pay the claim in capital, interest and costs; provided however, if in Landlord's reasonable judgment, its freehold title to the Land or any part thereof may become liable to any forfeiture or sale or is otherwise in jeopardy, Landlord may (but shall not be obligated to) discharge any lien, mortgage, charge or encumbrance filed or registered against title to the Land by a third party by paying monies into court as may be required to obtain a discharge of any such lien, mortgage, charge or encumbrance filed or registered and any amount paid by Landlord in so doing, together with all reasonable costs and expenses of Landlord, shall be reimbursed by Tenant to Landlord on demand.

11.4 At the expiry of the Term or earlier termination of this Lease, Tenant may remove movables and moveable effects from the Premises and will repair all damage caused by the installation or removal of the objects in question.

11.5 Prior to termination or expiration of this Lease, Tenant shall:

- (a) remove all of the Tenant's equipment, fixtures and improvements on the surface of the Premises including all improvements within two (2) meters of the surface of the Premises;

- (b) complete any site stabilization, contouring and compaction reasonably required to restore the Premises to substantially the same condition as the Premises were in immediately prior to the commencement of construction of the Power Plant Facility; and
- (c) complete all environmental remediation of the Premises for which Tenant is responsible pursuant to ARTICLE 10,

in each case in compliance with Applicable Laws, any decommissioning plans filed with any Governmental Authorities related to the Power Plant Facility and Good Industry Practice, provided that the Tenant shall not be liable for any decommissioning obligations relating to the Landlord's current or past operations on the Land, including the Premises, which shall be the sole responsibility of the Landlord.

11.6 Landlord shall keep the exterior and interior of the Administrative Building and all other buildings and facilities subject to any right-of-ways or easements granted under this Lease in good and sufficient repair at all times, and shall not do, or permit anything to be done to such Operator Amenities, buildings and facilities which may injure or obstruct the rights of Tenant.

ARTICLE 12 TRANSFER AND SUBLEASE

12.1 Tenant may effect a Transfer in any form or manner with the written consent of Landlord, such consent not to be unreasonably withheld, provided that Tenant may effect a Transfer in any form or manner to any of Tenant's affiliates or to any other purchaser of the Power Plant Facility without obtaining the prior consent of Landlord.

12.2 Landlord may not assign any right, benefit or interest in this Agreement without the written consent of Tenant, such consent not to be unreasonably withheld. For any assignment of this Lease by the Landlord, it shall be a condition of such assignment that:

- (a) the assignee of the Landlord must receive and the Landlord must assign to the assignee all of its rights and obligations under this Agreement;
- (b) the assignee has entered into an agreement satisfactory to the Tenant confirming that such assignee is bound by all of the terms and provisions of this Agreement; and
- (c) the Tenant is satisfied that such assignee is capable of performing and satisfying all of the Landlord's obligations under this Agreement, including that the Tenant has received satisfactory financial and credit assurances from such assignee.

ARTICLE 13 DEFAULT

13.1 Whenever:

- (a) Tenant fails to pay any Basic Rent, Additional Rent or other amount required to be paid hereunder when due and the default is not cured within 60 days of

Landlord's subsequent written demand for payment;

- (b) Tenant fails to observe or perform any other obligation, agreement, term or condition contained herein on its part and fails to cure the default within 90 days of notice thereof from Landlord, or if the default cannot reasonably be cured within the said 90 day period, if Tenant does not commence within the 90 day period and thereafter proceed to take reasonable steps to cure same;
- (c) Tenant is adjudicated a bankrupt, or makes a proposal or an assignment in bankruptcy or otherwise, for the benefit of its creditors or commences proceedings under any winding-up act or becomes subject to, or takes the benefit of any other insolvency legislation;

then upon the occurrence of any such event and by the mere lapse of time for the performance of the obligation Tenant shall be in default and notwithstanding any provision to the contrary in law or in equity, Landlord, at its option, may terminate this Lease upon delivery of written notice by Landlord to Tenant (except for a default under clause (c) above, which shall result in an automatic termination without the giving of notice), without prejudice to Landlord's other rights and recourses.

13.2 Where Landlord elects to terminate the Lease as provided in this Article, after having sent the appropriate notice:

- (a) Tenant shall vacate and surrender the Premises and all of its rights thereto and shall release them to Landlord in a reasonable period of time, and Landlord may without notice or any form of legal process forthwith re-enter upon and take possession of the Premises, remove or cause to be removed therefrom any person occupying same together with any property therein; and
- (b) Landlord shall immediately be entitled to payment of the equivalent of Basic Rent, Additional Rent and utility charges then payable on a monthly basis up to the Lease termination date, and Landlord may immediately claim the same together with any arrears then unpaid and any other amounts owing to Landlord by Tenant.

13.3 Whenever Tenant defaults in the performance of any of its obligations under this Lease and does not rectify such defaults within the curative periods (if any) afforded Tenant pursuant to the other provisions of this Lease, then Landlord may perform any such obligation for the account of Tenant and may enter upon the Premises for that purpose without notice unless the contrary is specified in this Lease. Tenant shall pay to Landlord as Additional Rent, the amount of all costs, charges and expenses incurred by Landlord in connection with such defaults or in curing or attempting to cure such default.

13.4 If the Landlord defaults in the performance of any of its obligations under this Lease and does not rectify such defaults within the curative periods (if any) afforded Landlord pursuant to the other provisions of this Lease or is in breach of any representation or warranty hereunder, then Tenant shall have the right to perform or cause the same to be performed and to do or cause to be done such things as may be necessary or incidental thereto. Landlord shall pay Tenant on

demand, all reasonable payments, expenses, charges, fees and disbursements incurred or paid by Tenant or on behalf of Landlord. If the payment of any such indebtedness is overdue at any time, then in each instance the Tenant may, in addition to other remedies, offset the indebtedness against Basic Rent and Additional Rent hereunder by withholding the Basic Rent and Additional Rent and applying the amounts so withheld to the payment of the indebtedness.

13.5 If at any time the Landlord, after sixty (60) days' written notice from the Tenant, fails to remedy any violation or breach of a material representation, warranty, covenant, agreement or stipulation contained in this Lease on its part to be kept or performed, then and in any such case the Tenant, in addition to any other remedy now or hereafter provided by law or hereunder, may at its option terminate this Lease and be released of all obligations hereunder upon providing notice of termination to the Landlord.

13.6 No condoning, excusing or over-looking by Landlord or Tenant of any default by either party at any time in respect of any of its obligations herein contained shall operate as a waiver of either Party's rights hereunder in respect of any such default or any subsequent default or so as to defeat or affect in any way the rights of Landlord or Tenant herein in respect of any such default or subsequent default. No waiver shall be inferred from or implied by anything done or omitted to be done by Landlord or Tenant save only where such waiver is expressed in writing.

13.7 Mention in this Lease of any particular remedy or remedies of Landlord or Tenant in respect of any default by either party shall not preclude the other party from exercising any other remedy in respect thereof, whether pursuant to this Lease or pursuant to law. No remedy shall be exclusive or dependent upon any other remedy, but either Party may from time to time exercise any one or more of such remedies independently or in combination, such remedies being cumulative and not alternative.

ARTICLE 14 OPTIONS TO PURCHASE AND SUBDIVISION

14.1 In the event that the Gas Plant is decommissioned, or otherwise ceases operations for more than 12 consecutive months before the end of the Term, the Landlord shall, if so required by Tenant, assist Tenant in relocating the relevant equipment in the Gas Plant Control Room to the Premises (the "**Relocation**"), at the Tenant's cost, and the Landlord hereby grants to the Tenant the following options (collectively, the "**Options**"):

- (a) the option to purchase the Gas Plant's fuel gas system and all related equipment necessary to connect the Tenant's gas system (the "**Fuel Gas System**"), for the then fair market value of the Fuel Gas System, as determined in good faith by the Parties;
- (b) the option to purchase the Gas Plant's emergency generator and all related equipment (the "**Emergency Generator System**"), for the then fair market value of the Emergency Generator System, as determined in good faith by the Parties;
- (c) the option to purchase the underground electric lines connecting the Premises to the FortisAlberta Inc. electrical grid, including specifically, the electrical lines connecting the FortisAlberta Inc. transformer located on the Land to the

switchgear located on the Premises for \$1.00;

- (d) the option to purchase any phone and internet cabling located on the Land that is necessary for providing phone and internet connection to the Power Plant Facility for \$1.00;
- (e) the option to purchase any water pipes that may be built on the Land for the purpose of providing water access to the Premises for \$1.00;
- (f) the option, to purchase the Landlord's fee simple interest in all or any of the:
 - (i) Premises for \$1.00;
 - (ii) the Land upon which the drainage ditch serving the Premises is located for \$1.00;
 - (iii) the inlet separator building located on the Gas Plant Premises and the storage facility located south of the Premises, as well as the land upon which the inlet separator building and storage facility are located on for \$1.00;
 - (iv) the Administrative Building and the land it is located on for the then fair market value as determined in good faith by the Parties;

each of which Options may be exercised by the Tenant by delivering a written notice to the Landlord (the "**Election Notice**") and upon delivery of such Election Notice, an agreement of purchase and sale shall be constituted between Landlord as vendor and Tenant as purchaser on the terms and conditions more particularly set out in Schedule D attached hereto (the "**Option to Purchase Terms**"); and

- (g) in addition to the other specific Options set forth herein, an option to purchase any assets located on the Premises and owned by Landlord that Tenant requires to operate the Power Business, for the then fair market value as determined in good faith by the Parties;

14.2 In respect of the Options, unless otherwise specifically provided for herein:

- (a) the Tenant may exercise each of the Options individually or together, in the Tenant's sole and absolute discretion;
- (b) may be exercised or title taken to such property, asset or interest directly by the Tenant or through an Affiliate;
- (c) the transfer of the applicable property, asset or interest shall be completed within sixty (60) days after the exercise of such Option by the Tenant, or such longer time as is reasonably necessary to complete the transfer of such property, asset or interest;

- (d) in connection with the exercise of such Option, the Landlord shall grant any agreement, right license, easement, lease or similar rights as the Tenant may reasonably request to access, use and enjoy such assets.

14.3 In the event that one or more Subdivisions is required by Applicable Law or the Parties otherwise mutually determine, acting reasonably, that it is prudent or desirable to effect one or more Subdivisions, the Landlord and Tenant shall cooperate to obtain approval to such Subdivision from the appropriate Governmental Authority which does not materially adversely affect Tenant's rights hereunder or the ability to operate the Power Business. Upon Landlord's request, Tenant shall forthwith execute all consents, releases, waivers, discharges, priority agreements, postponement agreements, plans and any other documentation as may be reasonably required by the Landlord, in registrable form or otherwise, for the purpose of carrying out any such Subdivision. The cost of any such Subdivision shall be borne by the Tenant.

ARTICLE 15 RIGHT OF ENTRY

15.1 Landlord or its agents may during normal business hours without disturbing Tenant's peaceable enjoyment following a prior written notice of forty-eight (48) hours (or at any time during an apparent emergency) and on producing a written direction to that effect signed by the Landlord if the inspection is conducted by the Landlord's agents, enter the Premises:

- (a) up to two (2) times per year to examine the state or maintenance, repair, or replacement of the Premises and the Power Plant Facility and other equipment and fixtures contained therein and/or affixed thereto;
- (b) to show the Premises to prospective or actual purchasers, secured lenders or assignees of Landlord or to show the Premises to prospective tenants;
- (c) Landlord may at any time up to two (2) times per year, following a prior written notice of forty-eight (48) hours, inspect the Premises in order to verify if Tenant is in compliance with Applicable Laws, Environmental Laws and its environmental obligations under this Lease.
- (d) for any other purpose permitted by this Lease.

ARTICLE 16 INSURANCE AND INDEMNITIES

16.1 Throughout the Term, Tenant shall at its sole cost and expense maintain insurance policies (which may be included in a policy provided by an affiliate of Tenant designed to cover multiple entities) having the following insurance coverage:

- (a) Comprehensive General Liability insurance in respect to the Premises and the Power Plant Facility and the operations of Tenant thereon with policy limits of not less than \$1,000,000.00 per occurrence and \$5,000,000.00 annual aggregate; and

- (b) All Risk Property coverage for Tenant's facilities, improvements, buildings, installations and equipment as applicable, with such coverages and in such amounts as a prudent tenant would insure.

The Landlord shall be identified as an additional insured in respect of the Power Plant Facility and the Premises and such coverage shall be primary with respect to Landlord, its employees, agents and servants;

16.2 All insurance required to be taken out and maintained pursuant to Section 16.1 shall be taken out on the following terms:

- (a) certificates of insurance evidencing the insurance policies described above shall be provided to Landlord upon execution of this Lease. All such policies shall be endorsed to provide Landlord with 60 days prior written notice of cancellation or material change;
- (b) the Tenant shall furnish to Landlord certificates of insurance referred to herein and insurance renewals upon request, but no more than once per year;
- (c) should Tenant fail to obtain or to maintain in full force and effect any or all insurance referred to in this Article, Landlord, upon 48 hours written notice shall have the right to take up such insurance with one or several companies of its choice, the whole at the expense of Tenant; and
- (d) upon request by Landlord, Tenant shall provide additional insurance if this is deemed necessary by Landlord, acting reasonably, due to change in conditions or type of activity conducted on the Premises or Power Plant Facility.

16.3 It is further understood and agreed that the policy limits do not define or limit Tenant's liability to indemnify Landlord as set forth herein in event of bodily injury or property damage.

16.4 Tenant shall indemnify and save harmless Landlord and its Affiliates and their directors, officers, employees and agents (collectively, the "**Landlord Related Parties**"), from and against all Losses suffered or incurred by Landlord and the Landlord Related Parties arising from or relating to:

- (a) any breach, violation or non-performance of any covenant or condition in this Lease to be fulfilled, kept, observed or performed by Tenant;
- (b) any injury to a person or persons (including death) caused by: (i) Tenant's use and occupation of the Premises; or (ii) the acts of Tenant, its servants, agents, employees, contractors, sublessees or others for whom it is in law responsible, resulting at any time therefrom, occurring in or about the Premises and the Power Plant Facility;
- (c) any injury to a person or persons (including death) or any damage to or impairment of property arising from the alleged or actual release of any Hazardous Substances caused by the Tenant, its servants, agents, employees, contractors, sublessees or others for whom it is in law responsible; and
- (d) the operations of the Tenant at the Premises and the Power Plant Facility including any environmental contamination or pollution of the Premises, Land or any other third party properties as a result of the presence of Hazardous

Substances in, on or under the Premises which have been brought onto the Premises or Land by Tenant or any person with its consent expressed or implied or which resulted from the operations of Tenant at the Premises and the Power Plant Facility.

16.5 Landlord shall indemnify and save harmless Tenant and its Affiliates and their directors, officers, employees and agents (collectively, the "**Tenant Related Parties**"), from and against all Losses suffered or incurred by Tenant and the Tenant Related Parties arising from or relating to:

- (a) any breach, violation or non-performance of any covenant or condition in this Lease to be fulfilled, kept, observed or performed by Landlord;
- (b) any injury to a person or persons (including death) caused by: (i) Landlord's use and occupation of the Premises; or (ii) the acts of Landlord, its servants, agents, employees, contractors, sublessees or others for whom it is in law responsible, resulting at any time therefrom, occurring in or about the Premises and the Power Plant Facility;
- (c) any injury to a person or persons (including death) or any damage to or impairment of property arising from the alleged or actual release of any Hazardous Substances caused by the Landlord, its servants, agents, employees, contractors, sublessees or others for whom it is in law responsible; and
- (d) the operations of the Landlord at the Premises and the Power Plant Facility including any environmental contamination or pollution of the Premises, Land or other third party properties as a result of the presence of Hazardous Substances in, on or under the Premises which have been brought onto the Premises or Land by Landlord or any person with its consent expressed or implied or which resulted from the operations of Landlord at the Premises and the Power Plant Facility.

ARTICLE 17 REPRESENTATIONS AND WARRANTIES OF LANDLORD

17.1 The Landlord represents and warrants as follows to the Tenant, with the understanding that such representations and warranties shall be the exclusive source of warranties or of similar rights for the benefit of the Tenant, and acknowledges that the Tenant is relying upon the representations and warranties in connection with this Lease:

- (a) **Organization and Power.** The Landlord is a limited partnership organized and existing under the Applicable Laws of its jurisdiction of organization and has the power to own and operate its property, carry on its business and enter into and perform its obligations under this Lease.
- (b) **Due Authorization.** The execution and delivery by the Landlord of this Lease, and the performance by the Landlord of its obligations hereunder, have been, or will be at or prior to the Effective Date, authorized by all necessary corporate action on the part of the Landlord and its general partner.
- (c) **No Conflict.** The execution and delivery by the Landlord of the Lease that it is a party hereto, and the performance by the Landlord of its obligations hereunder:

- (i) do not and will not constitute or result in a violation or breach of, or conflict with, or allow any Person to exercise any rights under, any of the terms or provisions of its constating documents;
 - (ii) do not and will not constitute or result in a breach of, or allow any Person to exercise any rights under any contract, license, lease or instrument that the Landlord is a party to;
 - (iii) do not and will not result in a breach of, or cause the termination or revocation of, any Consents, Licences and Permits held by the Landlord that is necessary for the lease of the Premises to the Tenant;
 - (iv) do not and will not result in the creation or imposition of any Encumbrance on the Premises; and
 - (v) do not and will not result in the material violation of any Applicable Laws.
- (d) **Regulatory Approvals.** Except as have already been obtained, or will be obtained on or prior to the Effective Date, no filing with, notice to, or authorization of any Governmental Authority is required on the part of the Landlord as a condition to the lawful completion of the transactions contemplated by this Lease on the terms and conditions set out herein where the failure to make the filing, give the notice or obtain the authorization would materially adversely affect the ability of any Party to consummate the transactions contemplated herein.
- (e) **Required Consents.** Except as have already been obtained, or will be obtained on or prior to the Effective Date, there is no requirement to obtain any consent, approval or waiver of a party under any contract, license, lease or instrument that the Landlord is a party to in connection with the lease of the Premises as contemplated by this Lease.
- (f) **Execution and Binding Obligation.** This Lease will be duly executed and delivered by the Landlord and constitutes a legal, valid and binding agreement of the Landlord enforceable against it in accordance with its terms, subject to any limitation under Applicable Laws relating to: (i) bankruptcy, winding-up, insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other laws of general application affecting the enforcement of creditors' rights; and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
- (g) **Site Map.** Schedule A is an accurate depiction of the portion of the lands located in High River, Alberta, and legally described in Schedule B to this Lease.
- (h) **Real Property.** Landlord has good fee simple title, free and clear of all Encumbrances, except Permitted Encumbrances, to the Premises. Landlord has not leased or otherwise granted to any Person the right to use or occupy the

Premises or any portion thereof, except to the Tenant or pursuant to any Permitted Encumbrances. There are no unrecorded outstanding options, rights of first refusal to purchase the Premises or any portion thereof. Landlord has not received any written notice of (i) violations of building codes and/or zoning ordinances or other laws or regulations affecting the Premises, (ii) existing, pending or threatened expropriation proceedings affecting the Premises or (iii) existing, pending or threatened zoning, building code or other moratorium proceedings, or similar matters which would reasonably be expected to adversely affect the ability of the Tenant to operate the Premises.

- (i) **Litigation.** There are no actions, suits, appeals, claims, applications, investigations, orders, proceedings, grievances, arbitrations or alternative dispute resolution processes in progress, pending, or to the Landlord's knowledge, threatened against the Landlord, which prohibits, restricts or seeks to enjoin the lease contemplated by this Lease or which could have an adverse effect on the lease of the Premises.
- (j) **Compliance with Laws.** The Landlord is now complying, in all material respects, with all laws applicable to the conduct of the Power Business or the ownership and use of the Power Plant Facility. The Landlord is now complying, in all material respects, with all Licenses and Permits.
- (k) **Environmental Matters.**
 - (i) Landlord has provided or otherwise made available to Tenant and listed in Schedule C: (A) all material environmental reports, studies, audits, records, site assessments, risk assessments and other similar documents with respect to the Power Business or the Power Plant Facility which are in the possession or control of Landlord related to compliance with Environmental Laws or Environmental Liabilities or any notices in respect thereof or in respect of any releases of hazardous materials given by a Governmental Authority (the "**Environmental Reports**"); and (B) any and all material documents concerning planned or anticipated capital expenditures required to reduce, offset, limit or otherwise control pollution and/or emissions, manage waste or otherwise ensure compliance with current or future Environmental Laws (including, costs of remediation, pollution control equipment and operational changes).
 - (ii) The operations of Landlord with respect to the Power Business and the Power Plant Facility are currently in material compliance with all Environmental Laws. Landlord has not received from any Person, with respect to the Power Business or the Power Plant Facility, any: (A) notice in respect of or alleging any Environmental Liability or any violation, infraction or non-compliance with or under Environmental Law; or (B) written request for information pursuant to Environmental Law, which, in each case, either remains pending or unresolved, or is the source of ongoing obligations or requirements as of the date hereof.

- (iii) Landlord has obtained all Licenses and Permits related to Environmental Laws necessary for the conduct of the Power Business in or the ownership, operation or use of the Power Plant Facility, and all such Licenses and Permits are in full force and effect. Landlord is in material compliance with all such Licenses and Permits. There is no condition, event or circumstance that would reasonably be expected to prevent or impede the transferability of such Licenses and Permits to the Tenant.
- (iv) Other than as disclosed in the Environmental Reports, and to Landlord's knowledge, there has been no release of Contaminants in contravention of Environmental Law with respect to the Power Business or the Power Plant Facility, and Landlord has not received any notice that any of the Power Business or the Power Plant Facility (including soils, groundwater, surface water, buildings and other structure located on the Premises or relating to the Power Business) has been contaminated with any Contaminants which could reasonably be expected to result in an Environmental Liabilities against, or a material violation of Environmental Law or term of any License and Permit by, Landlord or Tenant.

ARTICLE 18 LEASEHOLD MORTGAGES AND SUBORDINATION

18.1 Notwithstanding anything else herein, Tenant shall be entitled to Mortgage its leasehold interest in the Premises: (i) with the prior written consent of Landlord (such consent not to be unreasonably withheld), provided that Tenant shall remain liable for the keeping, observing and performing of each and every of the provisions of this Lease to be kept, observed and performed by Tenant.

18.2 The Mortgagee of Tenant's leasehold interest in the Premises shall be entitled to register such Mortgage, together with any collateral security thereto, amendments or extensions thereof and notice of any postponements, non-disturbance agreements or other agreements related thereto, against Tenant's leasehold interest in the Premises.

18.3 Provided that Tenant is in compliance with Section 18.1, Landlord agrees to:

- (a) use reasonable efforts to deliver such confirmations, consents and other assurances as may reasonably be required by the Mortgagee in connection with such Mortgage; and
- (b) enter into an agreement with the Mortgagee in connection with such Mortgage, in a form satisfactory to Landlord, acting reasonably, including provisions to the following effect:
 - (i) Landlord shall provide the Mortgagee with concurrent notice of any events of default by Tenant subject to and in accordance with the provisions of this Lease;

- (ii) the Mortgagee shall have an equal opportunity to cure or remedy any default of Tenant under and in accordance with the provisions of this Lease;
- (iii) in the event that the Mortgagee realizes upon its Mortgage by foreclosure, judicial sale or otherwise, Landlord shall at the request of the Mortgagee enter into an agreement in writing whereby Landlord agrees that Tenant's entire leasehold estate, right, title and interest in this Lease and the Premises have vested in the Mortgagee, and the Mortgagee shall assume and agree to be bound by and to keep, observe and perform each and every of the provisions of this Lease to be kept, observed and performed by Tenant;
- (iv) the Mortgagee shall acknowledge, assume and be bound by all of the provisions hereof on the part of Tenant to be observed and performed if the Mortgagee enters into ownership, possession or control of the Premises whether by appointment of a receiver, foreclosure, judicial sale, or otherwise; and
- (v) the Mortgagee shall provide a written covenant and agreement not to: (i) assign its rights under such Mortgage of Tenant's leasehold interest in the Premises or (ii) sell Tenant's leasehold interest in the Premises under the power of sale conditions contained in such Mortgage or otherwise, except on the condition that the assignee or transferee (A) is capable of performing and satisfying all of Tenant's obligations hereunder and (B) shall have executed and delivered to Landlord an agreement to be bound by all of the provisions hereof on the part of Tenant to be observed and performed, in which event the original Mortgagee shall be released from all of its liabilities and obligations under this Lease;

in each case, such agreements, confirmations, consents and other assurances shall be in a form and contain such other terms and conditions as approved by Landlord, such approval not to be unreasonably withheld, conditioned or delayed.

18.4 Each Party, shall within ten (10) Business Days following receipt of a written request from the other Party, execute and deliver to such requesting Party, or to any actual or proposed Mortgagee, a statement or certificate to the best of its knowledge in such reasonable form as requested by the requesting Party stating (if such is the case, or stating the manner in which such may not be the case): (i) that this Lease is unmodified and in full force and effect; (ii) the Commencement Date and expiry of the Term and the dates to which Basic Rent and Additional Rent, including any prepaid rent, has been paid; (iii) whether or not there is any existing default by either Landlord or Tenant under this Lease and, if so, specifying such default in reasonable detail; and (iv) containing such other terms and conditions therein as reasonably requested by the requesting Party.

ARTICLE 19 MISCELLANEOUS

19.1 Any notice pursuant to or in connection with this Lease shall be in writing and either

served or delivered personally or mailed by registered or certified mail or by facsimile. Any such notice shall be deemed to have been received either on the date of the service or on the third business day following the date of the mailing. The addresses for the purpose of receiving such notices are as follows:

(a) If to Landlord, to:

MFC Processing Partnership
Suite 400 -1035 7th Avenue SW
Calgary, Alberta
T2P 3E9

Attention: President of General Partner
Fax: 403-652-1369

(b) If to Tenant, to:

MFC Power Limited Partnership
Suite 400 -1035 7th Avenue SW
Calgary, Alberta
T2P 3E9

Attention: President of General Partner
Fax: 403-652-1369

19.2 This Lease shall enure to the benefit of and be binding upon the parties hereto and their respective executors, legal representatives, successors, permitted transferees and assigns.

19.3 This Lease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument. The headings contained in this Lease are for reference purposes only and shall not affect the meaning or interpretation of this Lease.

19.4 This Lease shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and the parties attorn to the exclusive jurisdiction of the Court of Queen's Bench of Alberta in relation to any matters relating to this Lease.

19.5 The Transaction Documents constitute an entire agreement among the Parties and set out all of the covenants, promises, warranties, representations, conditions, understandings and agreements among the Parties pertaining to the subject matter of the Transaction Documents and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written. This Lease may not be amended except by a written agreement signed by Landlord and Tenant.

19.6 The Tenant may register this Lease, a caveat giving notice of this Lease or a short form of this Lease against the title to the Premises in the Land Title Office in the name of the Tenant. On request and at the sole expense of the Tenant, the Landlord shall provide this Lease, a caveat

giving notice of this Lease or a short form of this Lease to the Tenant in registrable form. Where the Tenant considers it beneficial to register more than one document to evidence its benefits, interests and rights under this Lease (including with respect to any specific instrument in respect of an Easement), then the Tenant may do so at its sole expense. In the event that this Lease is not registrable, the Landlord shall, at the request of Tenant, make all reasonable efforts to assist the Tenant in effecting and registering one or more other instruments evidencing all of the Tenant's benefits, interests and rights under this Lease.

19.7 Unless the context dictates otherwise, the singular number shall include the plural; the masculine will include the feminine and neuter and vice versa in all cases.

19.8 If for any reason whatsoever any term, obligation or condition of this Lease, or the application thereof to any person, firm or corporation or circumstance, is to any extent held or rendered invalid unenforceable or illegal, then such term, obligation or condition:

- (a) shall be deemed to be independent of the remainder of the Lease and to be severable and divisible therefrom, and its invalidity, unenforceability or illegality shall not affect, impair or invalidate the remainder of this Lease or part thereof; and
- (b) the remainder of the Lease not affected, impaired or invalidated will continue to be applicable and enforceable to the fullest extent permitted by law against any person, firm or corporation or circumstance other than those as to which it had been held or rendered invalid, unenforceable or illegal.

19.9 Schedules A, B, C, and D shall form an integral part of this Lease.

19.10 Save for Tenant's monetary obligations and subject to Tenant being provided with peaceable enjoyment of Premises, neither Landlord nor Tenant shall be liable for failure to perform any of its obligations hereunder, or for damage or loss to the other party if such failure, damage or loss is caused by Acts of God or of the Queen's enemies, fire or other causality, war, disaster, riots, strikes, lock-outs, force majeure or any party or other emergency or cause beyond the reasonable control of either party.

19.11 The expiry or termination of this Lease shall not relieve any Party of any rights, liabilities or obligations that by their nature survive expiry or termination including warranties, remedies, indemnities and obligations of confidentiality or environmental compliance, or that arose prior to the expiry or termination of this Lease.

19.12 Tenant and Landlord declare that no broker or agent was involved in the negotiation, conclusion or execution of this Lease. Tenant shall be solely responsible for any claim made by any broker or agent with regards to any commission payable in connection with this Lease.

19.13 The Landlord is registered for the purposes of Part IX of the ETA and has been assigned registration number 77614 0300 RT0001

19.14 The Tenant is registered for the purposes of Part IX of the ETA and has been assigned registration number 80681 1568 RT0001.

ARTICLE 20
LANGUAGE

20.1 The parties acknowledge that they have required that this Lease and all related documents and correspondence be prepared in English.

[Signature page follows.]

IN WITNESS WHEREOF the parties have executed this Lease as of the date first mentioned above.

The parties have executed this Lease.

MFC PROCESSING PARTNERSHIP, by its
General Partner, **MPP LTD.**

By: _____
Name:
Title:

MFC POWER LIMITED PARTNERSHIP, by its
General Partner, **MFC POWER GENERAL
PARTNER LTD.**

By: _____
Name:
Title:

MPP LTD.

By: _____
Name:
Title:

SCHEDULE A

(the "Premises")

(See attached)

SCHEDULE B

(the "Land")

Meridian 4 Range 28 Township 19

Section 35

Quarter South East

Excepting Thereout All Mines and Minerals

Area: 64.7 Hectares (160 Acres) More or Less

SCHEDULE C

Environmental Reports

1. Letter from Stantec Consulting Ltd. to Compton Petroleum Corporation, dated August 1, 2013, re: Mazeppa Gas Processing Facility Large Facility Liability 2013 Update.
2. Mazeppa Gas Plant Asset Retirement Obligations Assessment Final Report dated December 2014, authored by Stantec Consulting Ltd.

SCHEDULE D
PURCHASE TERMS

Upon the delivery of an Election Notice in accordance with the provisions of Section 14.1 of this Lease, a binding agreement between Landlord and Tenant shall be constituted whereby the Tenant shall purchase, of the Landlord's fee simple interest in: (i) the Premises; (ii) the portion of the Land upon which the drainage ditch serving the Premises is located; (iii) the inlet separator building located on the Gas Plant Premises and the storage facility located south of the Premises as well as the land upon which the inlet separator building and storage facility are located; or (iv) the Administrative Building and the land it is located, as the case may be, on the following terms and conditions:

1. PURCHASE PRICE

If the Option is exercised in respect of the Premises, the Purchase Price shall be \$1.00.

If the Option is exercised in respect of the portion of the Land upon which the drainage ditch serving the Premises is located, the Purchase Price shall be \$1.00.

If the Option is exercised in respect of the inlet separator building located on the Gas Plant Premises and the storage facility located south of the Premises, as well as the land upon which the inlet separator building and storage facility are located, the Purchase Price shall be \$1.00.

If the Option is exercised in respect of the Administrative Building and the land it is located, the Purchase Price is the then fair market value as determined in good faith by the Parties.

The Purchase Price does not include the Goods and Services Tax (the GST) which may apply to such transaction. The Tenant warrants that it is a registrant under the Goods and Services Tax legislation and that it may self-assess and remit such applicable GST, failing which, it will pay for any outstanding GST if applicable as a result of this transaction.

2. SUBDIVISION

2.1 If, on the date that Tenant delivers the Election Notice in accordance with the provisions of Section 14.1 of this Lease, the Subdivision has not occurred, Tenant shall, promptly after delivery of the Election Notice, use its commercially reasonable efforts to effect the Subdivision and diligently prosecute the Subdivision to completion, in accordance with the terms of Section 14.3 of this Lease.

2.2 The obligation of the Parties to complete the purchase and sale of such portion of the Lands as in accordance herewith is subject to the condition precedent that the applicable Subdivision has been registered at the Land Titles Office on or before the Closing Date (as hereinafter defined), provided however, if the Parties are making reasonable good-faith efforts to satisfy this condition but such Subdivision has not been registered by the Closing Date, either Party may extend the Closing Date by one hundred twenty (120) days by delivering written notice to other Party prior to the original Closing Date. If the Subdivision has not been registered at the Land Titles Office by the Closing Date (as such date may be extended) the Parties shall be relieved of their obligation to complete the purchase of such portion of the Lands affected by such Subdivision, provided however, in such instance the provisions of Article 3 of these Purchase Terms shall apply.

3. LEASE FALLBACK EXTENSION TERMS

3.1 Subject to the Subdivision condition set forth in Section 2.2 of these Purchase Terms not being satisfied in respect of the Premises or at the Tenant's option, any other portion of the Lands then subject to a Subdivision, the Term shall be extended as follows:

(a) the Term shall be automatically extended for one ten (10) year period effective as of the expiry of the Initial Term or then current Renewal Term (the "**First Fallback Extension Term**") without the necessity of any written notice to the Landlord; and

(b) thereafter, Tenant may extend the Term for a maximum of three (3) consecutive ten (10) year periods (together with the First Fallback Extension Term, each a "**Fallback Extension Term**"), beyond the then applicable Fallback Extension Term, by the provision of written notice to Landlord, such notice to be provided not less than three (3) years prior to the expiration of the then effective Fallback Extension Term.

3.2 Each Fallback Extension Term shall be upon the terms and subject to all the provisions of this Lease, *mutatis mutandis*, except that:

(a) the Basic Rent for each Fallback Extension Term shall be the then applicable Fair Market Rent; and

(b) there shall be no further right to renew or extend the Term beyond the expiration of the fourth (4th) Fallback Extension Term.

"**Fair Market Rent**" means the fully net Basic Rent for the Premises (without regard to the Power Plant or any other improvements) as of the date of commencement of each such Fallback Extension Term which would be achieved as a result of a bona fide bargaining between a willing landlord and a willing tenant, both having reasonable knowledge of the relevant facts, if then offered for rent in the open market in competition with other similar properties at or near the location of the Premises and as if the Premises were vacant or undeveloped, without any discount to the rent due to any environmental conditions directly attributable to Tenant's operation of the Power Plant. For further clarity, the Fair Market Rent shall be determined by Landlord submitting to Tenant the Landlord's proposed Fair Market Rent within forty-five (45) days following the commencement of the First Fallback Extension Term in the case of the First Fallback Extension Term and within forty-five (45) days following the delivery of the Tenant's written notice of its exercise of any other Fallback Extension Term. If Landlord and Tenant cannot agree on the Fair Market Rent for the applicable Fallback Extension Term within sixty (60) days following the initial delivery of the Landlord's proposed Fair Market Rent, the same shall be resolved by arbitration in accordance with this Lease.

3.3 If the Fair Market Rent for a Fallback Extension Term has not been settled by the commencement of such Fallback Extension Term, Tenant shall pay, as Basic Rent, the amount payable during the last year of the Term immediately preceding such Fallback Extension Term and when a final determination has been made by the Parties or by arbitration, then the Parties shall promptly make the appropriate adjustments.

4. CLOSING

4.1 Subject to the Subdivision condition set forth in Section 2.2 of these Purchase Terms being satisfied, the closing of the purchase transaction shall be 12:00 p.m., Alberta time on the

day which is 30 days following the date on which the Subdivision occurs (or such other date as agreed between the Parties), which shall be referred to as the "**Closing Date**".

4.2 Landlord shall deliver to Tenant, in a reasonable time to allow confirmation of registration of the transfer of land prior to the Closing Date and upon reasonable trust conditions consistent with these Purchase Terms, the following documents:

- (a) a registrable transfer, in fee simple, for the applicable portion of the Lands transferring such portion of the Lands to the Tenant or to such other corporation or nominee as the Tenant may in writing direct;
- (b) a surrender of the Lease;
- (c) such other transfers, assignments and documents relating to the completion of the transaction contemplated by these Purchase Terms as are customary for similar transactions and are reasonably required to transfer ownership of the applicable portion of the Lands from Landlord to Tenant.

4.3 On the Closing Date, Tenant shall provide to Landlord the following documents:

- (a) a solicitor's trust cheque, certified cheque or bank draft in the amount of the Purchase Price, subject to the adjustments set out herein;
- (b) a surrender of the Lease;
- (c) a GST undertaking and indemnity of the Tenant to self-assess the applicable GST; and
- (d) such other transfers, assignments and documents relating to the completion of the transaction contemplated by these Purchase Terms as are customary for similar transactions and are reasonably required to transfer ownership of the applicable portion of the Lands from Landlord to Tenant.

4.4 On closing, Landlord shall provide vacant possession of the applicable portion of the Lands with good and marketable title, free from all encumbrances except for the Permitted Encumbrances and such other encumbrances as Tenant agrees, acting reasonably, can remain on title.

4.5 The closing procedure to be followed shall in all respects follow the usual procedure for closing commercial real estate transactions in the City of Calgary including the delivery of the documents referred to herein on such reasonable trust conditions as would customarily be imposed in a similar transaction.

5. ADJUSTMENTS

5.1 Landlord and Tenant shall adjust all expenses and normal adjustments on the Closing Date in accordance with the usual procedure for the sale of similar commercial properties in the City of Calgary. The parties undertake with each other to make post-closing re-adjustments as required.

6. NOTICE

6.1 Any notice or waiver or other documents, required or permitted to be given hereunder, if any, shall be given in accordance with the Lease.

7. LANDLORD NOT A NON-RESIDENT

7.1 Landlord will represent and warrant to Tenant, as at the Closing Date, that it is not, nor is it acting as the agent or trustee of a non-resident of Canada within the meaning of the Income Tax Act of Canada.

N-1

Exhibit E

Form of Operating Agreement

MANAGEMENT & OPERATING SERVICES AGREEMENT

THIS AGREEMENT is dated for reference as of the _____ day of _____, 2015.

BETWEEN:

MFC PROCESSING PARTNERSHIP, a limited partnership organized under the laws of the Province of Alberta with an office at Suite 400 – 1035 7th Avenue SW, Calgary, Alberta, T2P 3E9

("Operator")

AND:

MFC POWER LIMITED PARTNERSHIP, a limited partnership organized under the laws of the Province of British Columbia with an office at Suite 400 – 1035 7th Avenue SW, Calgary, Alberta, T2P 3E9

("Owner")

WHEREAS:

A. Pursuant to an asset purchase agreement between Operator and Owner dated August 31, 2015 (the "**Purchase Agreement**"), Operator sold and Owner purchased a 16.5 mega-watt natural gas-fired power plant located in High River, Alberta (the "**Power Plant**") and certain related assets (collectively, including the Power Plant, the "**Purchased Assets**");

B. Pursuant to a lease agreement (the "**Lease**") between Operator and Owner dated of even date herewith, Operator leased to Owner the premises outlined in red on Schedule A (the "**Premises**") of the Lease, and Operator granted Owner the right to enter, access and use various amenities and facilities required by Owner to operate the Power Business (as hereinafter defined);

C. Operator, by and through its officers, employees, agents, representatives and affiliates, has expertise in the areas of management, operations, maintenance, electricity marketing and, sales and other matters related to the Purchased Assets (as hereinafter defined);

D. The Power Plant is expected to achieve final commissioning on or around the date hereof;

E. Owner wishes for Operator to perform or cause to be performed, and Operator wishes to perform or cause to be performed, the Services for Owner in connection with the Purchased Assets, and Owner wishes to compensate Operator for the performance of such Services on the terms and conditions set forth herein; and

F. Operator and Owner wish to enter into this Agreement setting out the terms and conditions on which the Services will be carried out.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the premises and the respective covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless the subject matter or context is inconsistent therewith:

- (i) **"Agreement"** means this management & operating services agreement, as amended and restated, modified or supplemented in accordance with the terms hereof from time to time;
- (ii) **"Applicable Law"** means, in relation to any Person, asset, transaction or event, all applicable provisions, whether now or hereafter in effect, of laws, statutes, rules, regulations, official directives and orders of all federal, provincial, municipal and local governmental bodies (whether administrative, legislative, executive or otherwise) and judgments, orders and decrees of all courts, arbitrators, commissions or bodies exercising similar functions in actions or proceedings in which the Person in question is a party or by which it is bound or having application to the asset, transaction or event in question, and shall also include all rules, policies procedures and guidelines of the Alberta Electric System Operator or the Market Surveillance Administrator as defined in the *Electric Utilities Act* (Alberta), the breach of which could reasonably be expected to lead to an investigation or sanction;
- (iii) **"Business Day"** means a day other than a Saturday, Sunday or a statutory holiday in Calgary, Alberta;
- (iv) **"Change of Control"** means the occurrence of any one or more of the following events with respect to the Operator, other than any event, transaction or occurrence with any of the Operator's affiliates:
 - (i) for any reason, any Person or group of Persons acquires control of the Operator, other than those Persons who had control of the Operator on the Effective Date. As used herein "control" means (i) the ability, whether directly or indirectly, to elect a majority of the board of director, managing committee or other similar body of the Operator or its general partner, or (ii) the ability to materially affect the direction or affairs of the Operator;
 - (ii) the Operator (or its general partner) enters into one or more agreements, that, subject only to the satisfaction of closing conditions, obligates the

Operator to consummate a transaction that would have the effect of clause (i) above;

- (iii) the Operator disposes of all or substantially all of its assets, whether in one transaction or in a series of transactions, or enters into one or more agreements, that, subject only to the satisfaction of closing conditions, obligates it to do the same; or
 - (iv) the Operator undertakes a reorganization or arrangement, by whatever means, pursuant to which there is an exchange of securities or change in the manner of ownership of the Operator or enters into one or more agreements that, subject only to the satisfaction of closing conditions, obligates it to do the same.
- (v) **"Confidential Information"** includes, without limitation, any business, technical or other information disclosed by a party and relating to such party's operations, plans, strategies (including any information related to trading and pricing of electricity), finances, development, know-how, trade secrets or employees, and which, at the time of disclosure, is designated as confidential, is disclosed in circumstances of confidence, or would be understood by the receiving party, exercising reasonable business judgment, to be confidential but does include information which:
- (i) is or becomes publicly available other than as a result of a disclosure by Operator or Operator's representatives in breach of this Agreement;
 - (ii) is or becomes available to Operator from a source (other than Owner, or Owner's representatives) which is not known by Operator, after reasonable inquiry, to be prohibited from disclosing such information to Operator by a legal, contractual or fiduciary obligation to Owner;
 - (iii) is already known to Operator or Operator's representatives or is already in Operator's or Operator's representatives' possession and was obtained from a source which was not, to Operator's knowledge after reasonable inquiry, prohibited from disclosing such information to Operator by a legal, contractual or fiduciary obligation; or
 - (iv) is independently developed by Operator or Operator's representatives without reference to the Confidential Information;
- (vi) **"Consents"** means all permits, licenses, waivers, exemptions, consents, certificates, authorizations, approvals, rights, rights of way, entitlements and the like which are required from any Governmental Authority or any other person under any Applicable Law in respect of, or which are in any way material to, the Power Business and without limiting the generality of the foregoing shall include the EPEA Approval;
- (vii) **"Effective Date"** means December 7, 2015;

- (viii) "**Electricity**" means the electric energy generated by the Power Plant for delivery to Operator at the inlet to the T3 transformer;
- (ix) "**Electricity Purchase Agreement**" means the electricity purchase agreement between Operator and Owner, dated of even date herewith, as amended, restated or replaced from time to time;
- (x) "**EPEA Approval**" means Approval No. 10318-02-00, dated February 21, 2008, as amended by Approval No. 10318-02-01, dated June 3, 2014, both issued pursuant to the Alberta *Environmental Protection and Enhancement Act*, RSA, 2000, c.E-12 and as may be further amended or renewed from time to time;
- (xi) "**Equipment Suppliers**" means any major equipment supplier retained by Owner in relation to the engineering, procurement, construction, testing, commissioning, maintenance, operation and related services in respect of the Power Plant, including EPS AB Energy Canada Ltd.;
- (xii) "**Excise Tax Act**" means the *Excise Tax Act* (Canada) and the regulations thereto, as amended from time to time;
- (xiii) "**Force Majeure**" means an event, condition, occurrence or circumstance which causes the delay or disruption of either Party to perform under this Agreement and which is beyond the reasonable control of the Party seeking to claim such event, condition, occurrence or circumstance as a Force Majeure event. Force Majeure shall include but not be limited to the following: (i) acts of God, landslides, lightning, earthquakes, fires or storms; (ii) actions or threatened actions of First Nations; (iii) strikes, lockouts or other industrial disturbances; (iv) riots, sabotage, insurrections or wars; (v) actions of governmental authorities such as those requiring compliance with any court order, administrative order, fine, penalty, enforcement order, directive, law, statute, ordinance or regulation promulgated by a governmental authority; (vi) the generation and/or delivery of Electricity from the Power Plant is disrupted by any event, condition, occurrence or circumstance which qualifies as an event of Force Majeure pursuant hereto; (vii) the receipt of Electricity from the Power Plant is disrupted by any event, condition, occurrence or circumstance which qualifies as an event of Force Majeure pursuant hereto; provided always that Force Majeure does not include: (viii) a lack of financial resources or available funds or similar financial predicament; or (ix) an event, condition, occurrence or circumstance to the extent due to or resulting from a negligent act or omission, breach of contract, violation of Applicable Law, or similar wrongful act or omission on the part of the Party seeking to claim such event as a Force Majeure;

- (xiv) **"Gas Purchase Agreement"** means the gas purchase agreement between Operator and Owner, dated of even date herewith, as amended, restated or replaced from time to time;
- (xv) **"Governmental Authority"** means, (a) any international, multinational, national, federal, provincial, state, county, municipal, local or other governmental or public department, central bank, court, minister, governor-in-council, cabinet, commission, board, bureau, agency, commissioner, tribunal or instrumentality, domestic or foreign; (b) any subdivision or authority of any of the above; (c) any stock exchange; and (d) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above;
- (xvi) **"Hazardous Substances"** means any substance or material that is prohibited, controlled or regulated by any Governmental Authority pursuant to Applicable Laws or Consents, including pollutants, contaminants, dangerous goods or substances, toxic, corrosive or hazardous substances or materials, wastes (including solid nonhazardous wastes and subject waste), petroleum and its derivatives and by-products, and other hydrocarbons, all as defined in or pursuant to any Applicable Laws;
- (xvii) **"Indemnified Party"** has the meaning ascribed thereto in Section 5.3 of this Agreement;
- (xviii) **"Indemnifying Party"** has the meaning ascribed thereto in Section 5.3 of this Agreement;
- (xix) **"Initial Term"** has the meaning ascribed thereto in Section 7.1 of this Agreement;
- (xx) **"Operation and Maintenance Manuals"** means the maintenance manuals provided by any Equipment Supplier;
- (xxi) **"Operator"** means, initially, MFC Processing Partnership, and thereafter any permitted assignee or successor who becomes the Operator under this Agreement;
- (xxii) **"Operator's Actual Costs"** has the meaning ascribed thereto in Section 2.6(ix) of this Agreement;
- (xxiii) **"party"** means either Operator or Owner, and **"parties"** means both of them;
- (xxiv) **"Person"** means any individual, corporation, partnership, limited partnership, limited liability company, joint venture, association, joint-stock company, trust, society, incorporated organization or any other similar entity;
- (xxv) **"Power Business"** means the business of Owner relating to the generation, marketing and sale of electrical energy and operation of the Power Plant and all

complementary, incidental and ancillary activities relating thereto or in furtherance thereof;

(xxvi) "**Power Plant Contracts**" means, collectively, the Electricity Purchase Agreement, the Gas Purchase Agreement, and any construction, supply, maintenance or service agreements entered into by Owner, or the Operator on behalf of Owner in connection with the Power Plant;

(xxvii) "**Prime Rate**" means the annual rate of interest announced from time to time by Landlord's principal banker in Calgary as its reference rate of interest for commercial demand loans made in Canada in Canadian funds to borrowers of varying degrees of credit worthiness.

(xxviii) "**Renewal Term**" has the meaning ascribed thereto in Section 7.1 of this Agreement;

(xxix) "**Services**" means all services required to be performed in connection with the management, operation, maintenance, review, supervision and monitoring of the Power Business, including, but not limited to: (i) accounting and finance services; (ii) operations; (iii) maintenance; (iv) environmental health and safety services; (v) surface land services; (vi) information technology services; (vii) general management and corporate services; and (viii) marketing and sales of electricity services; and (ix) any other services set forth in Schedule "A" hereto from time to time;

(xxx) "**Site**" means the land on which the Power Plant is located together with all incidental and ancillary property rights of Owner relating to the operation of the Power Business;

(xxxi) "**Standard**" means any of the practices, methods and acts that, in the exercise of reasonable judgment in the light of the facts known, or that reasonably should be known, to the party applicable at the time that a decision was made, could reasonably have been expected to accomplish the desired result in a cost-effective manner consistent with licensing and regulatory considerations, environmental considerations, reliability, safety and expedition. The Standard is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts employed by owners and operators of facilities similar in size and operational characteristics to the Power Plant, including those involving the use of new concepts or technology, and having due regard for practices followed from time to time by the electric industry, applicable electrical, environmental, safety and maintenance codes and standards, manufacturers' warranties, permits and all Applicable Law;

(xxxii) "**Supplies**" means the goods supplied by or at the direction of Operator to Owner in connection with the performance of the Services and set forth in Schedule "B" hereto from time to time;

(xxxiii) "**Term**" means the term for which this Agreement is in force pursuant to Section 7.1 of this Agreement;

(xxxiv) "**Termination Date**" means, unless the Agreement is terminated earlier by either Party pursuant to Section 7.1 (in which case the Termination Date shall be the effective date of such termination), the last day of the Initial Term subject to extension pursuant to Section 7.1(ii); and

(xxxv) "**Transaction Documents**" has the meaning set forth in that certain Purchase Agreement, dated the date hereof, between Operator, as vendor, and Owner, as purchaser.

1.2 Currency

All references to currency shall mean Canadian Dollars unless otherwise expressly provided.

1.3 Interpretation Not Affected by Headings, etc.

All Section headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement. Unless otherwise indicated, references to Articles or Sections are to Articles or Sections in the main body of this Agreement.

1.4 Number, etc.

Unless the subject matter or context requires the contrary, words importing the singular number only shall include the plural and vice versa; words importing the use of any gender shall include all genders; and words importing persons shall include natural persons, firms, trusts, partnerships and corporations.

1.5 Date for Any Action

In the event that any date on which any payment is required to be taken hereunder by any of the parties hereto is not a Business Day, such payment shall be required to be taken on the next succeeding day which is a Business Day.

1.6 Entire Agreement

The Transaction Documents constitute an entire agreement among the Parties and set out all of the covenants, promises, warranties, representations, conditions, understandings and agreements among the Parties pertaining to the subject matter of the Transaction Documents and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written.

ARTICLE 2 SERVICES

2.1 Engagement

Effective as of the Effective Date, Owner hereby engages Operator to perform or cause to be performed the Services for and provide or cause to be provided the Supplies to Owner, and Operator hereby accepts such engagement and agrees to perform or cause to be performed the Services for and provide or cause to be provided the Supplies to Owner, upon and subject to the terms and conditions set forth in this Agreement. Except as otherwise specifically provided herein, Operator may not resign its appointment during the Term.

2.2 Services

Operator shall:

- (i) have the right to engage the services of third-party contractors or its affiliates to perform some or all of the Services and provide some or all of the Supplies without the prior consent of Owner, provided that Operator causes such contractors or affiliates to perform the Services and provide the Supplies in accordance with the terms and conditions of this Agreement. No subcontracting shall release Operator from its responsibility for its obligations under this Agreement;
- (ii) be solely responsible for and bear all costs associated with the selection, hiring, training, assignment, welfare, disciplining, supervision and dismissal of all personnel providing Services and providing the Supplies hereunder, including the obtaining, maintaining and (where necessary) renewal of work permits and other necessary permissions, registrations, authorizations, licenses and permits in relation to any third-party contractors;
- (iii) make any and all payments that are required in relation to its employees, including those required by Applicable Law, which shall include statutory payments to social security institutions and pension schemes, or any contractual arrangements;
- (iv) provide the Services to the Standard and at all times materially comply with and perform to the Standard;
- (v) perform the Services and its other obligations under this Agreement in accordance in all material respects with and subject to Applicable Laws and any applicable Consents;
- (vi) perform the Services and its other obligations under this Agreement in accordance in all material respects with and subject to the terms of the Power Plant Contracts;
- (vii) perform the Services and its other obligations under this Agreement in accordance in all material respects with and subject to the Operation and Maintenance Manuals;
- (viii) perform the Services and its other obligations under this Agreement in accordance in all material respects with and subject to the terms of Owner's insurance policies;

- (ix) notify Owner of all variations made to the operation of the Power Plant and shall notify Owner in advance, to the extent possible, of any proposed variations that are material;
- (x) while on Owner's Premises and any land, easement or right-of-way conferred to Owner pursuant to the Lease, comply, and cause its respective representatives to comply with, the reasonable requests, standard rules and regulations of the Operator and the Owner, as instructed from time to time, regarding security, safety and health and personal and professional conduct generally applicable to such premises;
- (xi) keep all property and all personal property and equipment associated with or part of the Power Plant free and clear of all liens and encumbrances caused by an action or failure to act by Operator or any of its consultants, suppliers or subcontractors in the performance of its obligations under this Agreement, including, without limitation, failure by Operator to pay, when due, any bill or charge for labour or services performed or materials or equipment furnished for use in connection with this Agreement; and
- (xii) if Operator becomes aware of an inconsistency in relation to the foregoing requirements, Operator shall promptly notify Owner of such inconsistency and resolve the inconsistency pursuant to Owner's direction, subject to any Applicable Law.

2.3 Access to the Power Plant

- (i) During the Term, Owner shall relinquish day-to-day control of the Site to Operator, and Operator shall ensure that, subject to all applicable safety regulations and requirements and reasonable notice:
 - (i) Owner and all other persons duly authorized by Owner shall have full and free access to the Power Plant and the Site at all times; and
 - (ii) the Equipment Suppliers (and their subcontractors and representatives, including advisors as appropriate) have access to the Power Plant and the Site in accordance with the terms of the respective Power Plant Contracts.
- (ii) Owner shall indemnify and save Operator, in its capacity as such, harmless from and against any loss, liability, claim, demand, damage and expense in connection with loss of life, personal injury or damage to property (including, without limiting the generality of the foregoing, legal fees) arising out of any acts or omissions of the Operator or its officers, employees or agents, contractors, licensees and invitees, as applicable, while accessing the Site.
- (iii) Notwithstanding Section 2.3(ii), Operator, in its capacity as such, will not be indemnified nor held harmless by the parties for its gross negligence, wilful

misconduct or breach of this Agreement or of Applicable Law or that of its officers, employees, agents or invitees.

2.4 Reporting and Contract Administration

- (i) Operator shall provide Owner with operating reports, including monthly reports detailing the energy generated and sold, fuel consumed, ancillary services transactions and associated revenues, major maintenance performed, unscheduled outages, accident and safety statistics and the costs of the performance of the Services and provision of the Supplies at such intervals as Owner may reasonably request and such reports shall be in a form acceptable to Owner and shall contain such information and details as Owner may require from time to time.
- (ii) The parties will participate in regularly scheduled review meetings, at mutually agreed to locations, or through teleconferences, as determined by the parties, to review the performance of the Services.
- (iii) Each party shall designate one individual as a contract manager, who shall be that party's primary point of contact for all questions and issues relating to this Agreement. Each such contract manager shall have overall responsibility for managing and coordinating performance of that party's obligations under this Agreement and shall be authorized to act for and on behalf of that party with respect to all matters relating to this Agreement. Operator recognizes the benefits inherent in maintaining the continuity of contract management personnel under this Agreement and agrees to use reasonable commercial efforts to maintain its contract management personnel under this Agreement throughout the Term. At Owner's option, its contract manager may be provided by Operator as a service under this Agreement and may be the same individual as Operator's contract manager.

2.5 Financial Statements, Records, Audit and Regulatory Requirements

- (i) Operator shall keep proper accounts and records of all expenditures made by it in connection with the performance of the Services and provision of the Supplies and all invoices, receipts and vouchers relating thereto. Operator shall assist Owner in meeting its audit and regulatory requirements, as they relate to the Services and the Supplies, to enable Owner, any Governmental Authority and Owner's auditors to comply with and satisfy any applicable regulatory requirements and to conduct appropriate audits. Operator shall, if requested by Owner, prepare or assist in preparing quarterly or annual financial statements for Owner in furtherance of the foregoing. Operator shall carry out all regulatory requirements to which the Power Business may be subject or that may be imposed on it, including and without limiting the generality of the foregoing, all monitoring, measuring, sampling and reporting requirements as set out in any licences and permits in Schedule 2.1(a) to the Purchase Agreement and as set out in the EPEA Approval.

- (ii) Operator shall permit Owner and its authorized representatives at any time during normal business hours on a Business Day, and at Owner's sole cost to examine the books, records, drawings, computer-stored data, correspondence, accounting procedures and practices, cost analyses and any other supporting financial data, including invoices, payments or claims and receipts to the extent pertaining to the Power Business maintained by Operator at its head office. Owner's examination of records at the Power Plant or at Operator's principal establishment shall be conducted in a manner which will not unduly interfere with the conduct of the Power Business or of Operator's business in the ordinary course. Operator shall furnish to Owner such financial and operating data and other information with respect to the Power Business as Owner shall from time to time reasonably request.

2.6 Compensation

- (i) In consideration of the provision of the Services, Owner shall pay Operator the compensation set out in Schedule "A" attached hereto.
- (ii) In consideration of the provision of the Supplies, Owner shall pay Operator the compensation set out in Schedule "B" attached hereto.
- (iii) Owner shall be responsible for reimbursement for Operator's reasonable *bona-fide* third party disbursements, expenses, costs and overhead in connection with the provision of the Services and the Supplies other than as otherwise compensated in Sections 2.6(i) and (ii) hereof. Operator shall keep proper accounts and records of all disbursements, expenses, costs, overhead and other expenditures made in connection with the Services and the Supplies and all invoices, receipts and vouchers relating thereto.
- (iv) **Late Payments.** Where a sum is required to be paid under this Agreement, but is not paid on the date the Parties agreed, the Party to pay the sum shall also pay an amount equal to interest on that sum at 0.5% above the Prime Rate for the period beginning with that date and ending with the date the sum is paid.
- (v) **Disputed Amounts.** If the whole or any part of any invoice submitted by Operator is the subject of a *bona fide* dispute. Owner and Operator shall use all reasonable endeavors to resolve any dispute within twenty (20) Business Days of the dispute arising. If they fail so to resolve such dispute, Operator shall continue to provide the Services and the matter shall be resolved in accordance with Section 8.7, and any amounts agreed or determined to be due shall be paid within five (5) Business Days of such agreement or resolution. Operator shall not be relieved of its obligations to perform the Services in accordance with this Agreement during the pendency of any such dispute.
- (vi) **Set-Off.** Amounts payable pursuant to this Agreement will be paid to Operator firstly by way of offset against any amounts owing by Operator to Owner under any other Transaction Document. Operator agrees that any offset claimed shall constitute a valid payment by Owner hereunder.

- (vii) **Withholdings.** Allowance for any provincial or federal goods and services taxes imposed by the Excise Tax Act ("**GST**") is not included in the Fee (as defined in Schedule "A" hereto) or in reimbursements, and Operator shall, if applicable, invoice and collect GST from Owner. Owner shall be entitled to seek reimbursement of GST paid to Operator directly from the relevant Governmental Authority.

Except as provided above with respect to GST, or as required by Applicable Law, all payments under this Agreement shall be made without any deduction or withholding for or on account of any tax. If a party is so required to deduct or withhold then that party will:

- (i) promptly notify the other party (the "**Payee**") of that requirement (or that there has been any change in the rate or the basis of any deduction or withholding);
 - (ii) co-operate in completing any procedural formalities necessary to obtain authorization to make such payments without any deduction or withholding;
 - (iii) pay to the relevant authorities within the time allowed and in the minimum amount required the full amount required to be deducted or withheld; and
 - (iv) promptly forward to the Payee an official receipt (or certified copy) or other documentation reasonably acceptable to the Payee evidencing such payment to such authorities.
- (viii) **Tax Covenants.** Each party agrees that, until the Termination Date and subject to clause (v) above, it will deliver to the other party (or to such Government Authority as the other party reasonably directs) any form or document that may be required or reasonably requested in writing in order to allow such other party to make a payment under this Agreement without any deduction or withholding for or on account of any tax or with such deduction or withholding at a reduced rate (so long as the completion, execution or submission of such form or document would not materially prejudice the legal or commercial position of the party in receipt of such demand). Any such form or document shall be accurate and completed in a manner reasonably satisfactory to the other party and be executed and to be delivered, as soon as reasonably practicable, with any reasonably required certification.
- (ix) **Fee Re-Opener.** Upon the expiration of the initial year of the Term, and every five years thereafter, each party, each acting reasonably, shall have the option to re-open the Fee provisions of the Agreement for the ensuing five (5) years by providing written notice to the other within 60 days of the expiration of such period together with reasonable background and supporting information to permit the other party to evaluate the situation, including in the case of the Operator, details of the costs actually incurred by the Operator directly in connection with the provision of Services by the Operator hereunder in the preceding fiscal year of

the Owner and reasonable supporting documentation. The parties, acting reasonably, shall then seek to negotiate a revised Fee, satisfactory to each of the parties, during the following 120-day period, which shall be equal to 1.05 multiplied by the actual reasonable costs properly incurred by the Operator directly in connection with the provision of Services by the Operator in the preceding fiscal year of the Owner as determined and agreed by the Parties, acting reasonably and in accordance with generally accepted accounting principles applicable to the Operator (the "**Operator's Actual Costs**"). If at the end of such 120-day period the parties have been unable to agree upon the amount of the Operator's Actual Costs, the matter shall proceed to the dispute resolution process as provided in Section 8.7 hereof.

2.7 Devotion to Agreement

- (i) During the Term of this Agreement, Operator shall devote sufficient time, attention, and ability as is reasonably necessary for the proper performance of the Services. Nothing contained herein shall be deemed to require Operator to devote its exclusive time, attention and ability to the performance of the Services. During the Term of this Agreement, Operator shall cause each of its agents assigned to performance of the Services to: (i) at all times perform the Services faithfully, diligently and to the best of their abilities; and (ii) devote such of its time, labour and attention as is necessary for the proper performance of the Services.
- (ii) Operator and its affiliates may be engaged in, or hereafter become engaged in, activities other than providing the Services hereunder, and that those other activities may involve:
 - (i) the provision of Services, to any persons whomsoever, which are the same as or similar to the Services;
 - (ii) engaging in the business of, and/or the direct and indirect ownership, management, operation and lease of assets and property in connection with, the generation, transmission, distribution and purchase and sale of electricity and ancillary services (as described in the *Electric Utilities Act* (Alberta));
 - (iii) acquiring and otherwise dealing with investments and other direct or indirect rights in persons involved in the business of the generation, transmission, distribution, purchase and sale of such electricity and ancillary services; and
 - (iv) engaging in all activities ancillary or incidental to any of the foregoing, any of which may be in competition with or conflict with any of the foregoing, or the interests of activities of Owner or its affiliates.
- (iii) Owner hereby consents to any and all such activities by Operator and agrees that nothing herein shall prevent Operator or any of its affiliates, or any of their respective officers, directors or employees from having other business interests or

from engaging in any other business activities even though such business interests or activities may be similar to or competitive with the interests or activities of Owner or its affiliates, or from rendering services to any other person even though such person may have investment or business interests similar to, or competitive with, those of Owner or its affiliates. Operator and its affiliates shall not be obligated to offer any business opportunities to Owner or its affiliates.

2.8 Power of Attorney

Owner hereby irrevocably nominates, constitutes and appoints Operator as its true and lawful attorney to act on its behalf with full power and authority in its name, place and stead to execute and deliver on Owner's behalf and in its name and record or file as and where required in the opinion of Operator any certificate, agreement and any other instruments or documents required to perform the Services. The power of attorney granted in this Section 2.8 is irrevocable, is a power coupled with an interest, shall survive the bankruptcy or insolvency of Owner, and may be exercised by Operator on behalf of and in the name, place and stead of Owner in executing any instrument by a facsimile or original signature, with the indication that it is acting on behalf of Owner. Owner agrees to be bound by any statements and actions made or taken by Operator pursuant to the power of attorney granted in this Section 2.8 and hereby waives any and all defences which may be available to negate or disaffirm the action of Operator taken in good faith under such power of attorney.

2.9 Obligations of Owner

Owner shall, at its sole expense:

- (i) save to the extent assumed by Operator under the terms of the Agreement, comply in all material respects with its obligations as owner of the Power Plant under the Power Plant Contracts, Applicable Laws and all Consents;
- (ii) exercise its rights to grant or withhold any approval required to be given pursuant to this Agreement in a reasonable and timely fashion so as to enable Operator to comply with its obligations under this Agreement, including in relation to administration of the Power Plant Contracts;
- (iii) provide to Operator copies of the Power Plant Contracts;
- (iv) provide to Operator copies of any and all Consents relating to the Power Plant which may be in force from time to time during the Term, including any orders, notices, or other ancillary communications or documents relating to such Consents;
- (v) provide to Operator any other information which Operator may reasonably require in order to perform its obligations under this Agreement; and
- (vi) pay any property or other taxes related to the Power Plant or its activities (other than income or employment related taxes of Operator or its employees) and the

Services and Supplies, including sales, use, stamp, fuel, value added and goods and services taxes, as well as import and customs duties, if any.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Mutual Representations and Warranties

Each party represents and warrants to the other party as follows and acknowledges that the other party is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

- (i) it is duly formed and validly existing under the laws of its jurisdiction of formation and has the power and authority to own or lease its property and assets and to carry on its business as now conducted by it;
- (ii) the execution and delivery of this Agreement by it, including all matters contemplated hereby, have been authorized by all necessary action and it has the power and authority to enter into and perform its obligations under this Agreement;
- (iii) it has duly executed and delivered this Agreement and this Agreement is a valid and binding agreement enforceable against it in accordance with its terms, subject to bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and to general principles of equity; and
- (iv) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby do not now and will not:
 - (i) conflict with, result in a breach of or create a state of facts which after notice or lapse of time or both results or may result in a breach of any of the terms, conditions or provisions of (A) its constating documents or (B) any material agreement, instrument, licence, permit, undertaking, commitment or understanding to which it or any of its subsidiaries is a party or by which it is bound, a breach of which would result in a material adverse effect on it; or
 - (ii) violate any provision of law or administrative regulation or any judicial or administrative award, judgement or decree applicable and known to it (after due inquiry), the breach of which would have a material adverse effect on it.

3.2 Representations and Warranties of Operator

- (i) Operator hereby represents and warrants that, in consideration of the compensation payable to it pursuant to this Agreement, Operator shall carry out, or cause to be carried out, the Services with reasonable due diligence and care and in accordance with the Standards and the terms and conditions of this Agreement.

- (ii) Prior to the Effective Date, Operator has not performed Services for any third party related to the operation of the Power Business.

ARTICLE 4

OTHER AGREEMENTS AND COVENANTS

4.1 Co-operation and Consents

- (i) Operator shall, on behalf of Owner be solely responsible for obtaining, maintaining and (where necessary) renewing all authorizations, waivers, exemptions, consents, orders and other approvals from domestic or foreign courts, governmental or regulatory agencies, boards, commissions or other authorities, shareholders and third-parties as are necessary for the consummation of the transactions contemplated by this Agreement.
- (ii) Owner shall co-operate and use its reasonable commercial efforts to assist Operator in, and shall bear all costs associated with, obtaining, maintaining and (where necessary) renewing all authorizations, waivers, exemptions, consents, orders and other approvals from domestic or foreign courts, governmental or regulatory agencies, boards, commissions or other authorities, shareholders and third-parties as are necessary for the consummation of the transactions contemplated by this Agreement.

4.2 Compliance With and Changes in Law

- (i) Each party will comply with all Applicable Laws, regulations and statutory requirements, and advise the other of changes in law that concern the conduct of its business and affect performance of the Services.
- (ii) The parties shall work together to identify the impact of any changes in law that relate to how Owner receives and uses, and Operator delivers, the Services. Owner shall be responsible for any fines and penalties arising from any noncompliance by Owner or Operator with any such changes in law relating to the Services; provided, however, that Operator shall be responsible for any fines and penalties arising from any noncompliance by Operator to the extent Owner has notified Operator of a change in law and Operator failed to comply with such change in law even though it had a reasonable period of time after notification from Owner in which to comply with such change in law.

4.3 Cooperation with Third-Parties

Operator shall cooperate with any independent third-party service providers of Owner; provided, however, that Operator shall not be required to disclose any of its Confidential Information to such third-party service provider unless such third-party executes a confidentiality agreement and such third-party's use of such Confidential Information is solely for the benefit of Owner.

4.4 Confidentiality

Operator understands, covenants and agrees that, in the performance of the Operator's obligations under this Agreement, the Operator will obtain knowledge of Confidential Information relating to the business or affairs of Owner or of any of its subsidiary or affiliated companies. The Operator agrees that the Operator shall not, either before or after termination of this Agreement, directly or indirectly, except as otherwise expressly provided herein, disclose the Confidential Information to any other person or use any portion thereof except: (i) as permitted pursuant to this Agreement or any of the Power Plant Contracts and the Transaction Documents; (ii) solely for the purposes of providing the Services, to Operator's affiliates and their respective directors, officers, employees, agents, permitted sub-contractors and other representatives, each of whom will be informed of the confidential nature of such Confidential Information and who shall be caused by Operator to comply with this Section 4.4; (iii) solely for the purposes of providing the Services, to Operator's successors and permitted assigns, each of whom will be informed of the confidential nature of such Confidential Information and who shall comply with this Section 4.4; (iv) as may be required by Applicable Law or at the request of any court, regulatory, judicial or supervisory authority having jurisdiction over Operator, Owner or the Confidential Information; provided that, to the extent permitted by law, Owner is given prompt written notice of the existence, terms and circumstances of any such requirement prior to disclosure pursuant to this clause (iv) and that, to the extent permitted by law, Operator provide reasonable assistance to Owner (at Owner's sole cost and expense) in any attempt by Owner to prevent or limit such disclosure; or (v) with Owner's prior written consent.

4.5 Unauthorized Acts

Each party shall: (i) promptly notify the other party of any unauthorized possession, use or knowledge, or attempt thereof, of the other party's Confidential Information by any person or entity that may become known to such party, including any incidents involving a breach of security and any incidents that might indicate or lead to a threat to, or weakness in, security; (ii) promptly furnish to the other party full details of the unauthorized possession, use or knowledge, or attempt thereof, and assist the other party in investigating or preventing the recurrence of any unauthorized possession, use or knowledge, or attempt thereof, of Confidential Information; (iii) cooperate with the other party in any litigation and investigation against third-parties deemed necessary by the other party to protect its proprietary rights; and (iv) promptly use commercially reasonable efforts to prevent a recurrence of any such unauthorized possession, use or knowledge, or attempt thereof, of Confidential Information.

4.6 Personal Information

In the event the Services require the access to or use of personal data, each party shall be responsible for taking all necessary steps required by Applicable Law to ensure the protection of the privacy of such personal data to be accessed or used. In the event that Applicable Law requires registration with or consents of a Governmental Authority, Owner shall register, or cause such registration, with such Governmental Authority, or obtain such consents, unless Applicable Law otherwise requires.

4.7 Excise Tax Act Election

Operator and Owner shall jointly execute in the prescribed form, and shall file within the prescribed time, an election under Section 156 of the *Excise Tax Act* (Canada) that the provision

of the Services hereunder be deemed to be supplied for nil consideration for the purposes of the *Excise Tax Act* (Canada).

4.8 Operator Excise Tax Act Registration

The Operator is registered for the purposes of Part IX of the ETA and has been assigned registration number 77614 0300 RT0001.

4.9 Owner Excise Tax Act Registration

The Owner is registered for the purposes of Part IX of the ETA and has been assigned registration number 80681 1568 RT0001.

ARTICLE 5 INDEMNITY

5.1 Indemnity by Operator

Operator hereby agrees to indemnify, defend and hold harmless Owner from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including reasonable and documented legal fees on a solicitor-client basis), arising directly or indirectly, in whole or in part, out of the negligence, or wilful misconduct by Operator, or due to a breach of this Agreement or the provision of the Services by Operator, or by any of its officers, directors, agents or employees, in connection with this Agreement or the Services.

5.2 Indemnity by Owner

Owner hereby agrees to indemnify, defend and hold harmless Operator and its officers, directors and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including reasonable and documented legal fees on a solicitor-client basis), arising directly or indirectly, in whole or in part, out of the negligence, wilful misconduct or breach of this Agreement by Owner (except to the extent of any act for which indemnity is given by Operator pursuant to Section 5.1), or of any by its officers, directors, agents or employees, in connection with this Agreement.

5.3 Indemnification Procedures

If any third-party claim is commenced against a party who is entitled to indemnification under this Agreement (an "**Indemnified Party**"), notice thereof shall be given to the other party (the "**Indemnifying Party**") as promptly as practicable. If, after such notice, the Indemnifying Party shall acknowledge that this Section 5.3 applies with respect to such claim, then the Indemnifying Party shall be entitled, if it so elects in a notice promptly delivered to the Indemnified Party, but in no event less than ten (10) days prior to the date on which a response to such claim is due, to immediately take control of the defense and investigation of such claim and to employ and engage attorneys reasonably acceptable to the Indemnified Party to handle and defend the same,

at the Indemnifying Party's sole cost and expense. Where conflicting interests so require, the Indemnified Party shall have separate counsel, at the Indemnifying Party's expense. The Indemnified Party shall cooperate, at the cost of the Indemnifying Party, in all reasonable respects with the Indemnifying Party and its attorneys in the investigation, trial and defense of such claim and any appeal arising therefrom; provided, however, that the Indemnified Party may, at its own cost and expense, participate, through its attorneys or otherwise, in such investigation, trial and defense of such claim and any appeal arising therefrom. No settlement of a claim pursuant to this Section 5.3 that involves a remedy other than the payment of money by the Indemnifying Party shall be entered into without the consent of the Indemnified Party, which consent shall not be unreasonably withheld. After notice by the Indemnifying Party to the Indemnified Party of its election to assume full control of the defense of any such claim, the Indemnifying Party shall not be liable to the Indemnified Party for any legal expenses incurred thereafter by such Indemnified Party in connection with the defense of that claim. If the Indemnifying Party does not assume full control over the defense of a claim subject to such defense as provided in this Section 5.3, the Indemnifying Party may participate in such defense, at its sole cost and expense, and the Indemnified Party shall have the right to defend the claim in such manner as it may deem appropriate, at the cost and expense of the Indemnifying Party.

ARTICLE 6 INSURANCE

6.1 Cover Maintained by Operator

- (i) During the Term, Operator shall maintain insurance meeting the specifications set forth in Schedule 6.1.
- (ii) Operator shall require, where applicable, each of its subcontractors to obtain and maintain in effect the same types of coverage as required of Operator with commercial umbrella/excess liability in amounts that are usual and customary for the type of work performed by such subcontractors.
- (iii) Operator shall provide a Certificate of Insurance evidencing the required coverage required by this Article 6. The Certificate of Insurance will be promptly provided to Owner at each annual renewal of the insurance. If requested Operator will furnish copies of all relevant insurance policies to Owner.

6.2 Notification of Claims

Operator shall give prompt notification to Owner of any circumstances or event of which it is aware or which comes to its attention and which could reasonably give rise to a claim with respect to any of the insurance policies referred to in this Article 6. In such notice, Operator shall:

- (i) identify to Owner the reasons such claim has arisen or the reasons why Operator cannot identify such reasons;
- (ii) propose any method which Operator, acting in accordance with the Standards, considers appropriate to prevent further claims and explain why no such method is required; and

- (iii) describe the time required to implement any such method and any cost involved.

Owner shall be entitled to comment on any such Operator's report and direct Operator to act in such manner as it may consider appropriate including, at its own expense, obtaining the opinion of any technical expert appointed by Owner to review such report and to advise Owner thereon. Operator shall not be entitled to effect any settlement of any claim made in respect of any of the insurance policies referred to in Article 6 without the prior approval of Owner.

6.3 Operator's Liabilities and Obligations

Neither failure to comply nor full compliance with the insurance provisions of this Agreement shall limit or relieve Operator of its liabilities and obligations under this Agreement and in particular from Operator's obligation to hold Owner harmless in accordance with any indemnity provisions contained in this Agreement.

ARTICLE 7

TERM, RENEWAL, TERMINATION AND AMENDMENT

7.1 Term, Renewal and Termination

- (i) The initial term of this Agreement shall commence on the date of this Agreement and, subject to earlier termination or renewal as provided in this Agreement, shall terminate on the tenth anniversary of the date of this Agreement (the "**Initial Term**").
- (ii) Upon expiration of the Initial Term and each Renewal Term thereafter, this Agreement shall automatically renew for a one (1) year renewal period (each, a "**Renewal Term**").
- (iii) Unless this Agreement is earlier terminated, Owner shall notify Operator at least three (3) months prior to the expiry of the Initial Term or, if in a Renewal Term, three (3) months prior to the expiry of any such Renewal Term of Owner's desire not to renew this Agreement, otherwise this Agreement shall be automatically renewed on and subject to the same conditions set forth herein.
- (iv) This Agreement may be terminated at any time by agreement in writing executed by Owner and Operator.
- (v) This Agreement may be terminated by Owner (i) upon a Change of Control of Operator, or (ii) for any reason, upon at least three (3) months' written notice to the Operator.
- (vi) In the event of any material breach or default by Operator in regard to the Services, Owner may terminate this Agreement, provided that Owner shall give notice to Operator specifying the material breach or default, and a reasonable period to cure and remedy the default.

- (vii) In the event of any material breach or default of this Agreement by Owner, Operator may terminate this Agreement, provided that Operator shall give notice to Owner specifying the material breach or default, and a reasonable period to cure and remedy the default.
- (viii) In the event of the termination of this Agreement prior to the expiry of the Initial Term or a Renewal Term, as applicable, the compensation payable to Operator shall be pro-rated to the end of the month of the notice period, and no compensation will be payable from and after the end of the notice period.
- (ix) In the event that either Owner or Operator: (i) shall admit in writing its inability to, or be generally unable to, pay its debts as such debts become due; or (ii) shall (1) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, examiner or liquidator of itself or of all or a substantial part of its property or assets; (2) make a general assignment for the benefit of its creditors; (3) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement or winding-up, or composition or readjustment of debts; (4) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under any bankruptcy or insolvency legislation; or (5) take any corporate action for the purpose of effecting any of the foregoing, then the other party may, by giving notice thereof to such party, terminate this Agreement effective as of the date specified in such termination notice.
- (x) Upon termination of this Agreement, Operator shall upon receipt of all sums due and owing, promptly deliver a final accounting, reflecting the balance of expenses incurred on behalf of Owner as of the date of termination and in accordance with the direction of Owner.

7.2 Effect of Termination

Subject to Section 8.4, in the event of any termination of this Agreement, the provisions hereof will become void and no party will have any liability to any other party in respect of this Agreement, except in respect of any breach of this Agreement which occurred on or before the termination of this Agreement.

7.3 Transfer of Operator's Responsibilities

Immediately upon termination of this Agreement, Operator shall deliver to or relinquish custody in favour of Owner or such person as Owner shall nominate all details, specifications, schedules, reports, books, records, correspondence, contracts and inventories and all property of Owner to the extent relating to the Power Plant. Operator shall further transfer to Owner (or such other person as Owner may nominate), its rights as operator under all contracts entered into in the performance of its obligations under this Agreement save to the extent that any such assignment is prohibited under the terms of the said contracts, in which case Operator shall use commercially reasonable efforts to procure the consents of the applicable counter-parties to permit such assignment.

7.4 Continuity of Operation

In the event of termination of this Agreement, Operator shall if required by Owner continue to operate the Power Plant for a period specified by Owner but not exceeding 120 Business Days while a replacement manager is installed. During any such period, Operator shall continue to act in all respects in accordance with this Agreement as if same had not been terminated and the obligations of the parties hereunder continued during such period. Owner shall afford Operator every assistance in redeploying staff or making use of temporary staff to carry out its obligations and shall pay Operator during such period the same amount as would have become due during such period if the Agreement had not been terminated.

7.5 Force Majeure

- (i) Neither party shall be responsible or liable in any way for any delays in or suspension of performance of its obligations under this Agreement caused by Force Majeure.
- (ii) A party affected by Force Majeure shall:
 - (i) promptly notify the other party of the occurrence, nature and anticipated duration and impact of such Force Majeure; and
 - (ii) use reasonable efforts to mitigate and overcome the effects of such Force Majeure.
- (iii) Where a Force Majeure lasts for a continuous period of greater than 6 months, Owner shall be entitled to terminate this Agreement by 30 days' written notice to the Operator.

7.6 Amendment

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by the parties hereto and no waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the waiving party.

ARTICLE 8 GENERAL PROVISIONS

8.1 Independent Contractor

Operator shall at all times be deemed an independent contractor and none of its employees shall be considered employees of Owner. Operator shall not be deemed or construed to be, and shall not be, under any circumstances or for any purpose, a partner or joint venture of or with Owner by virtue of, or under this Agreement or otherwise in respect of the Power Plant. Subject to Owner's rights pursuant to this Agreement, Owner shall not interfere with Operator's management and supervision of Operator's personnel.

8.2 Assignment

In the event that the Power Plant is sold, then in connection with such sale, Owner may assign all of its right, benefit or interest in this Agreement to the purchaser under such transaction without consent of the Operator. Owner may assign any of its right, benefit or interest in this Agreement to its affiliates without the consent of Operator. Operator may not assign any right, benefit or interest in this Agreement, other than to its Affiliates, without the written consent of Owner, except as specifically provided herein.

8.3 Notices

All notices and other communications hereunder shall be in writing and shall be delivered by hand to the parties at the following addresses or sent by telecopy at the following telecopier numbers or at such other addresses or telecopier numbers as shall be specified by the parties by like notice:

(a) if to Owner:

MFC Power Limited Partnership
Suite 400-1035 7th Avenue SW
Calgary, Alberta
T2P 3E9

Facsimile: 403-652-1369
Attention: President of General Partner

(b) if to Operator:

MFC Processing Partnership
Suite 400-1035 7th Avenue SW
Calgary, Alberta
T2P 3E9

Facsimile: 403-652-1369
Attention: President of General Partner

The date of receipt of any such notice shall be deemed to be the date of delivery thereof or, in the case of notice sent by telecopy, the date of successful transmission thereof (unless transmission is received after normal business hours, in which case the date of receipt shall be deemed to be the next Business Day).

8.4 Survival of Representations, Warranties and Covenants

The respective representations, warranties and covenants of Owner and Operator contained herein shall expire with, and be terminated and extinguished upon, the completion or termination of this Agreement, except for the provisions of Sections 4.4, 4.5 and 4.6, Article 5, Sections 7.2, 7.3 and 7.5, this Section 8.4 and Section 8.7 which shall survive for five years as continuing covenants following the completion or termination of this Agreement.

8.5 No Third Party Beneficiaries

Each party hereto intends that this Agreement will not benefit or create any right or cause of action in or on behalf of any person other than the parties hereto (or their permitted assigns), and no person, other than the parties hereto (or their permitted assigns), will be entitled to rely on the provisions hereof in any action, suit, proceeding, hearing or other forum.

8.6 Applicable Law and Jurisdiction

This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein and shall be treated in all respects as an Alberta contract. The parties attorn to the non-exclusive jurisdiction of the courts of Alberta in Calgary.

8.7 Dispute Resolution

If the parties fail to agree on any matters referred to in this Agreement, either Operator or Owner may by notice to the other party refer the dispute to the senior management of Operator and Owner or such other Persons as they may designate who shall meet within ten (10) days of receipt of such notice and negotiate in good faith to determine a commercially fair and equitable solution to that dispute. If the parties are unable to agree within thirty (30) days of the notice of dispute delivered hereunder, then either party may refer the matter to a single arbitrator under the *Arbitration Act* (Alberta) then in effect in Alberta whose decision thereon will be final, binding and conclusive. All arbitration proceedings will be conducted in Calgary, Alberta. A decision of an arbitrator under this Agreement, including any decision as to costs, will be final and binding on the parties but will not be a precedent in any subsequent arbitration. This Section 8.7 will survive any termination of this Agreement and will continue to be binding upon the parties, their successors and permitted assigns and be enforceable against them.

8.8 Binding Effect

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

8.9 Time of Essence

Time shall be of the essence of this Agreement.

8.10 Counterparts

This Agreement and any amendments hereto may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall be considered one and the same agreement. A signed facsimile, telecopied or electronic copy (including Portable Document Format) of this Agreement shall be effectual and valid proof of execution and delivery.

8.11 Further Assurances

Each party covenants and agrees that, prior to, on and following the Effective Date, it shall act in good faith with respect to the satisfaction of its obligations under this Agreement, and, at the reasonable request of the other party, shall, at its own (unless otherwise provided in this Agreement) expense, take all such actions and do all such things and, as the case may be, execute and deliver or furnish such additional agreements, documents and instruments as may, from time to time, be necessary or reasonably desirable to better effectuate the transactions contemplated by this Agreement.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF each of the parties hereto has executed this Agreement effective as of the date first written above.

MFC PROCESSING PARTNERSHIP, by
its General Partner MPP Ltd.

MFC POWER LIMITED PARTNERSHIP,
by its General Partner **MFC POWER**
GENERAL PARTNER LTD.

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE "A"

SERVICES & COMPENSATION

Services:

On and following the Effective Date, Operator shall perform the Services with the intent to keep the Power Plant in good working order and in a fit state to continue operating until the end of its design life in accordance with the Power Plant Contracts, the Operation and Maintenance Manuals and Standards, including, without limitation:

1. Labour and Personnel:

- a. Operator shall provide qualified and experienced personnel to operate and maintain the Power Plant and to perform the Services;
- b. if Owner determines that a particular individual appointed by Operator to perform the Services is not conducting himself, herself or itself in accordance with this Agreement and Owner notifies Operator of such conduct, upon receipt of such notice, Operator shall promptly investigate the matter and take appropriate action, including removing the applicable person from the performance of the Services and replacing the applicable person with a similarly qualified individual, or taking other appropriate disciplinary action to prevent a recurrence; and
- c. Operator shall perform all human resources and general administration functions necessary to conduct the Power Business.

2. Accounting and Administrative Services.

3. Electricity Marketing and Sales.

4. Operations:

- a. Operator shall provide continuous monitoring of all control displays related to the Power Plant located in the gas plant control room and taking corrective actions as are consistent with the Standard, including as required by the EPS manual or as recommended by the designers and manufacturers of the Power Plant and key equipment; and
- b. Operator shall perform twice per 12 hour shift walkthroughs of the Power Plant engine bays and routine testing of all machinery.

5. Defects Liability Management:

- a. Operator shall use all reasonable endeavors to identify all defects in the Power Plant and, subject to approval by Owner and clause b below, repair or arrange for suitable third parties to repair such defects; and
- b. promptly upon becoming aware of the same (but in any case within 10 days), notify Owner of any defect in the Power Plant which is or may be required to be

rectified by the Equipment Suppliers and assist Owner in making any claim under warranties given by the Equipment Suppliers or otherwise and relating to any part of the Power Plant found to be defective.

6. Maintenance:

- a. snow removal;
- b. site upkeep;
- c. landscaping maintenance and vegetation control;
- d. drainage ditch maintenance;
- e. day to day routine cleaning and general maintenance;
- f. road and walkway maintenance;
- g. rubbish and non-Hazardous Substances handling, use, storage, removal and disposal;
- h. Hazardous Substances handling, use, storage, removal and disposal;
- i. maintenance of site signage;
- j. managing the inventory of the Supplies and spare parts;
- k. parking lot maintenance and painting;
- l. scheduling outages, inspections and reports to maintain the operating permit for the Power Plant;
- m. controlling the various processes in the Power Plant to realize short and long term targets and goals including occupational health and safety, environmental compliance and cost control;
- n. overseeing continual operational improvement through education, training and evaluation;
- o. spare part maintenance;
- p. other general maintenance tasks as required;
- q. annual routine long-term maintenance; planned outages; and
- r. other routine major maintenance.

7. Management:

- a. obtain and maintain, as applicable, all Consents and renewals thereof, including preparing and submitting all associated applications and filings;

- b. assist Owner in obtaining and maintaining all insurance which is prudent for the conduct of the Power Business;
 - c. assist in preparation of financial statements;
 - d. assist Owner in preparing and filing all tax returns for the Power Business in such jurisdictions where such filing is necessary or desirable;
 - e. optimize Power Plant operations in accordance with directions from Owner;
 - f. prepare environmental reports and perform environmental compliance;
 - g. design and maintain emergency response plans and procedures; and
 - h. generally provide such other services as may be required by Owner for the administration of the Power Business.
- 8. Monitoring and recording exhaust emissions in accordance with Applicable Law and the requirements of any Consents.
- 9. Performing routine calibration and testing of the safe and proper function of emergency devices and equipment pertaining to the Power Plant.
- 10. Providing the Power Plant with access to the emergency generator system located at the gas plant owned by the Operator, and conducting maintenance of such emergency generator system.
- 11. Establishing operations, maintenance, inventory, emergency and contingency planning procedures.
- 12. In the event that, in the reasonable opinion of Operator based on the information known to Operator at that time, there exists an emergency condition affecting the Power Plant or the operations thereof in any material manner, as soon as practical after becoming aware of the same,
 - (i) reporting such condition to Owner, and
 - (ii) taking such action as Operator reasonably believes may be necessary to safeguard life, property or the environment or to prevent or minimize damage to, and any interruption in the operation of the Power Plant.
- 13. Conducting emissions and hazardous waste tests required under Applicable Law and reporting to Owner in respect of same.
- 14. Start-up and shutdown of the Power Plant, including start, stop and load control, in accordance with specified start times and ramp rates.
- 15. Routine daily operation, dispatch of generation (including in accordance with the Electricity Purchase Agreement) real-time monitoring and continuous monitoring of all

equipment used in connection with the Power Plant, as is appropriate for the particular class of equipment.

16. Response in a timely manner to all dispatch instructions.
17. Providing the Power Plant with access to internet services, including communication systems for metering purposes and for the Alberta Electric System Operator, and conducting maintenance of such services.
18. Such other services as Owner requires in the course of its business and are agreed to between the parties from time to time.

Compensation:

1. As compensation for providing the Services, Owner shall pay to Operator, on the terms and conditions set out in the Agreement and as amended by Owner and Operator from time to time, \$300,000 per annum in 12 equal monthly payments on the last Business Day of each month (the "Fee").

SCHEDULE "B"
SUPPLIES & COMPENSATION

Supplies:

1. Such other supplies, equipment and goods as required in the course of Owner's business from time to time.

Compensation:

1. As compensation for providing the Supplies, Owner shall pay to Operator, on the terms and conditions set out in the Agreement and as amended by Owner and Operator from time to time, the actual cost to Operator of such Supplies provided by it to Owner from time to time.

SCHEDULE "6.1" INSURANCE

During the Term, Operator shall maintain insurance meeting the specifications set forth in this Schedule 6.1 (which may be included in a policy provided by an affiliate of Operator designed to cover multiple entities):

- (i) workers compensation insurance in accordance with statutory and/or provincial requirements including employers' liability insurance in an amount of not less than \$1,000,000 each employee, accident and disease and all other insurances required by Applicable Law for the performance of the Services under this Agreement;
- (ii) commercial general liability insurance on an "occurrence" basis in an amount of not less than \$1,000,000 per occurrence and \$2,000,000 in the annual aggregate including coverage for bodily injury, property damage, products/completed operations, personal injury, contractual liability and liability for sudden and accidental pollution condition or event. A separate Pollution Liability policy is acceptable;
- (iii) commercial automobile liability insurance with a combined single limit of not less than \$1,000,000 each accident including coverage for all owned, hired, non-owned and leased automobiles used by Operator in the performance of the Services;
- (iv) commercial umbrella/excess liability insurance on an "occurrence" basis in an amount of not less than \$10,000,000 per occurrence and \$10,000,000 in the annual aggregate including as underlying coverages those policies required in (i) employers liability only, (ii) and (iii) above on a follow form basis.

All Operator's insurances shall, to the extent permitted by Applicable Law, incorporate at a minimum the following terms and conditions:

- (i) with the exception of worker's compensation and employer's liability insurances, Owner and its employees, consultants, contractors and subcontractors (and such other persons or entities as Owner may require) shall be named as additional insured (unless the other party is a named insured thereunder) (the "**Additional Insured**");
- (ii) termination or modification of any material terms of insurance shall be subject to at least thirty (30) days' prior written notice (except ten (10) days for nonpayment of premium) to be given by Operator to each of Owner and Operator;
- (iii) a waiver of subrogation by the insurance companies in favour of any additional insured party for losses or claims arising out of the performance of this Agreement provided that the additional insured has not committed any deliberate fraud (the "**Waiver of Subrogation**"); and
- (iv) a severability of interest clause (with no exclusions for cross-liability), as if the insurance was issued to each of the insured in their own right, except for the limit of liability; and

- (v) all policies required under (i)-(iv) above shall be considered primary and non-contributory with any additional insured's policies.



Grant Thornton

COURT FILE NUMBER: 1701-03460

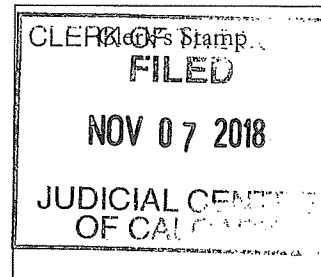
COURT: COURT OF QUEEN'S BENCH
OF ALBERTA

JUDICIAL CENTRE: CALGARY

APPLICANT: ALBERTA ENERGY REGULATOR

RESPONDENT: LEXIN RESOURCES LTD., 1051393 B.C. LTD., 0989
RESOURCE PARTNERSHIP, LR PROCESSING LTD.
and LR PROCESSING PARTNERSHIP

DOCUMENT: RECEIVER'S NINTH REPORT
NOVEMBER 7, 2018



ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING DOCUMENT

RECEIVER

Grant Thornton Limited
Suite 1100, 332 - 6 Avenue SW
Calgary, AB T2P 082

Attention: Andrew Basi / Michael Costello
Telephone: 1 (403) 296-2992 / 1 (403) 296-3087
Facsimile: 1 (403) 260-2571
E-mail: Andrew.Basi@ca.gt.com /
Michael.Costello@ca.gt.com

RECEIVER'S COUNSEL

Borden Ladner Gervais LLP
1900, 520-3rd Ave SW
Calgary, AB T2P 0R3

Attention: Robyn Gurofsky
Telephone: 1 (403) 232-9774
Facsimile: 1 (403) 266-1395
Email: rgurofsky@blg.com

Appendix 12

DIRECTORS' RESOLUTIONS

THE FOLLOWING RESOLUTIONS WERE PASSED BY ALL OF THE DIRECTORS OF MPP LTD., (THE "CORPORATION") AS GENERAL PARTNER FOR AND ON BEHALF OF MFC PROCESSING PARTNERSHIP (THE "PARTNERSHIP"), HAVING BEEN CONSENTED TO IN WRITING BY ALL OF THE DIRECTORS OF THE CORPORATION, EFFECTIVE AS OF THE 31ST DAY OF AUGUST, 2015.

WHEREAS:

A. The Corporation, as general partner for and on behalf of the Partnership, wishes to enter into an asset purchase agreement (the "Asset Purchase Agreement") between MFC Power Limited Partnership ("MFC Power LP") and the Partnership in substantially the form presented to the directors of the Corporation (the "Board"), pursuant to which the Partnership will sell and MFC Power LP will purchase, the assets associated with the Partnership's business of generating, marketing and selling electrical energy and all complementary, incidental and ancillary activities relating thereto, as more particularly set forth therein (the "Asset Sale");

B. In connection with the Asset Purchase Agreement, the Corporation, as general partner for and on behalf of the Partnership, wishes to, upon Closing (as defined in the Asset Purchase Agreement), among other things, enter into a lease agreement (the "Lease"), an electricity purchase agreement (the "Electricity Purchase Agreement"), a gas purchase agreement (the "Gas Purchase Agreement") and a management and operating services agreement (the "Management and Operating Services Agreement") between the Partnership and MFC Power LP, in or substantially in the forms presented to the Board;

C. The Corporation, as general partner for and on behalf of the Partnership, has the corporate power and capacity to enter into, execute and deliver the Asset Purchase Agreement, the Lease, the Electricity Purchase Agreement, the Gas Purchase Agreement, the Management and Operating Services Agreement and the Assignment and Assumption Agreement (collectively, the "Agreements") and all agreements, documents and instruments in writing contemplated and required in connection therewith and to perform all of its obligations thereunder; and

D. The Board, as general partner for and on behalf of the Partnership, has determined that the Agreements and the completion of the transactions contemplated thereunder are in the best interests of the Partnership.

BE IT THEREFORE RESOLVED THAT:

1. Each of the Agreements be, and are hereby, authorized and approved and the Corporation, as general partner for and on behalf of the Partnership, be, and is hereby, authorized and directed to complete all the transactions contemplated thereunder;
2. The Corporation, as general partner for and on behalf of the Partnership, be, and is hereby, authorized and directed to: (i) enter into, execute and deliver the Asset Purchase Agreement, in or substantially in the forms presented to the Board, and all the documents and agreements contemplated therein, including the Lease, Management and Operating

Services Agreement, Electricity Purchase Agreement and Gas Purchase Agreement; and
(ii) complete the transactions contemplated by the Agreements;

3. Any one officer or director of the Corporation, as general partner for and on behalf of the Partnership (the "Authorized Person") be, and is hereby, authorized and directed to execute and deliver all agreements, instruments and documents which are the subject of these resolutions, including, without limitation, the Agreements, in the name and on behalf of the Corporation, as general partner for and on behalf of the Partnership, under its corporate seal or otherwise, on such terms and conditions and in such form deemed necessary or desirable and approved by such Authorized Person with such changes, alterations, amendments and modifications thereto as such Authorized Person may in such person's discretion approve, which approval shall be conclusively evidenced by the execution of such agreements, instruments and documents including, without limitation, the Agreements and, to the extent that any such agreements, instruments and documents were executed prior to the date hereof, the execution thereof by any such Authorized Person be, and is hereby, approved, ratified and confirmed;
4. The Authorized Person be, and is hereby, authorized to take all such further actions, to execute and deliver such further agreements, instruments and documents in writing and to do all such other acts and things as in such person's opinion may be necessary or desirable, in the name and on behalf of the Corporation, as general partner for and on behalf of the Partnership, under its corporate seal or otherwise, to give effect to, and carry out the intent of, the foregoing resolutions and the transactions contemplated thereby and hereby, and generally, the Asset Sale, which opinion shall be conclusively evidenced by the taking of such further actions, the execution and delivery of such further agreements, instruments and documents and the doing of such other acts and things; and
5. These resolutions may be executed in several parts in the same form and by facsimile or electronic transmission and such parts as so executed shall together constitute one original document; and such parts, if more than one, shall be read together and construed as if all the signing parties had executed one copy of the said resolutions.

The foregoing resolutions are consented to in writing by all of the directors of the Corporation.


ROBERT CHINERY


SAMUEL MORROW


MICHAEL J. SMITH

DIRECTORS' RESOLUTIONS

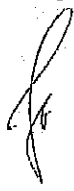
THE FOLLOWING RESOLUTIONS WERE PASSED BY ALL OF THE DIRECTORS OF MFC POWER GENERAL PARTNER LTD. (THE "CORPORATION") AS GENERAL PARTNER FOR AND ON BEHALF OF MFC POWER LIMITED PARTNERSHIP (THE "PARTNERSHIP"), HAVING BEEN CONSENTED TO IN WRITING BY ALL OF THE DIRECTORS OF THE CORPORATION EFFECTIVE AS OF THE 31ST DAY OF AUGUST, 2015.

WHEREAS:

- A. The Corporation, as general partner for and on behalf of the Partnership, wishes to enter into an asset purchase agreement (the "Asset Purchase Agreement") between the Partnership and MFC Processing Partnership ("MFCPP") in substantially the form presented to the directors of the Corporation (the "Board"), pursuant to which MFCPP will sell and the Partnership will purchase, the assets associated with the Corporation's business of generating, marketing and selling electrical energy and all complementary, incidental and ancillary activities relating thereto, as more particularly set forth therein (the "Asset Purchase");
- B. In connection with the Asset Purchase Agreement, the Corporation, as general partner for and on behalf of the Partnership, wishes to, upon Closing (as defined in the Asset Purchase Agreement), among other things, enter into a lease agreement (the "Lease") an electricity purchase agreement (the "Electricity Purchase Agreement"), a gas purchase agreement (the "Gas Purchase Agreement") and a management and operating services agreement (the "Management and Operating Services Agreement") between the Partnership and MFCPP, in or substantially in the forms presented to the Board;
- C. The Corporation, as general partner for and on behalf of the Partnership, has the corporate power and capacity to enter into, execute and deliver the Asset Purchase Agreement, the Lease, the Electricity Purchase Agreement, the Gas Purchase Agreement, the Management and Operating Services Agreement and the Assignment and Assumption Agreement (collectively, the "Agreements") and all agreements, documents and instruments in writing contemplated and required in connection therewith and to perform all of its obligations thereunder; and
- D. The Board, as general partner for and on behalf of the Partnership, has determined that the Agreements and the completion of the transactions contemplated thereunder are in the best interests of the Partnership.

BE IT THEREFORE RESOLVED THAT:

1. Each of the Agreements be, and are hereby, authorized and approved and the Corporation, as general partner for and on behalf of the Partnership, be, and is hereby, authorized and directed to complete all the transactions contemplated thereunder;
2. The Corporation, as general partner for and on behalf of the Partnership, be, and is hereby, authorized and directed to: (i) enter into, execute and deliver the Asset Purchase Agreement, in or substantially in the forms presented to the Board, and all the documents and agreements contemplated therein, including the Lease, Management and Operating

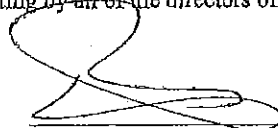


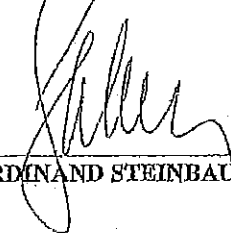
Services Agreement, Electricity Purchase Agreement and Gas Purchase Agreement; and (ii) complete the transactions contemplated by the Agreements;

3. Any one officer or director of the Corporation, as general partner for and on behalf of the Partnership (the "Authorized Person") be, and is hereby, authorized and directed to execute and deliver all agreements, instruments and documents which are the subject of these resolutions, including, without limitation, the Agreements, in the name and on behalf of the Corporation, as general partner for and on behalf of the Partnership, under its corporate seal or otherwise, on such terms and conditions and in such form deemed necessary or desirable and approved by such Authorized Person with such changes, alterations, amendments and modifications thereto as such Authorized Person may in such person's discretion approve, which approval shall be conclusively evidenced by the execution of such agreements, instruments and documents including, without limitation, the Agreements and, to the extent that any such agreements, instruments and documents were executed prior to the date hereof, the execution thereof by any such Authorized Person be, and is hereby, approved, ratified and confirmed;
4. The Authorized Person be, and is hereby, authorized to take all such further actions, to execute and deliver such further agreements, instruments and documents in writing and to do all such other acts and things as in such person's opinion may be necessary or desirable, in the name and on behalf of the Corporation, as general partner for and on behalf of the Partnership, under its corporate seal or otherwise, to give effect to, and carry out the intent of, the foregoing resolutions and the transactions contemplated thereby and hereby, and generally, the Asset Purchase, which opinion shall be conclusively evidenced by the taking of such further actions, the execution and delivery of such further agreements, instruments and documents and the doing of such other acts and things; and
5. These resolutions may be executed in several parts in the same form and by facsimile or electronic transmission and such parts as so executed shall together constitute one original document, and such parts, if more than one, shall be read together and construed as if all the signing parties had executed one copy of the said resolutions.

The foregoing resolutions are consented to in writing by all of the directors of the Corporation.


SAMUEL MORROW


MICHAEL J. SMITH


FERDINAND STEINBAUER

CONSENT

TO: MFC Resource Partnership ("MFCRP")

CC: MFC Energy Corporation ("MFCE")
1051393 B.C. Ltd. ("1051393")

FROM: MFC Energy Finance Inc.

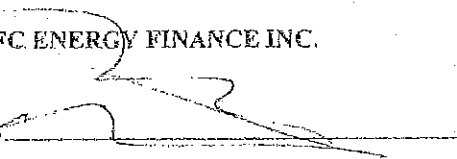
RE: *Pro rata* loan of \$14,414,180 by MFC Resource Partnership to its partners, MFCE and 1051393 (the "Loan")

Pursuant to Section 6.3 of a demand loan agreement between MFC Energy Finance Inc. and MFCRP, dated June 30, 2015, the undersigned, MFC Energy Finance Inc., hereby consents to the Loan effected as of the date hereof.

[Signature page follows.]

DATED effective as of the 7th day of December, 2015.

MFC ENERGY FINANCE INC.

By: 

Name: Michael Smith

Title: Director

MANAGEMENT & OPERATING SERVICES AGREEMENT

THIS AGREEMENT is dated for reference as of the 7th day of December, 2015.

BETWEEN:

MFC PROCESSING PARTNERSHIP, a limited partnership organized under the laws of the Province of Alberta with an office at Suite 400 – 1035 7th Avenue SW, Calgary, Alberta, T2P 3E9

("Operator")

AND:

MFC POWER LIMITED PARTNERSHIP, a limited partnership organized under the laws of the Province of British Columbia with an office at Suite 400 – 1035 7th Avenue SW, Calgary, Alberta, T2P 3E9

("Owner")

WHEREAS:

A. Pursuant to an asset purchase agreement between Operator and Owner dated August 31, 2015 (the "**Purchase Agreement**"), Operator sold and Owner purchased a 16.5 mega-watt natural gas-fired power plant located in High River, Alberta (the "**Power Plant**") and certain related assets (collectively, including the Power Plant, the "**Purchased Assets**");

B. Pursuant to a lease agreement (the "**Lease**") between Operator and Owner dated of even date herewith, Operator leased to Owner the premises outlined in red on Schedule A (the "**Premises**") of the Lease, and Operator granted Owner the right to enter, access and use various amenities and facilities required by Owner to operate the Power Business (as hereinafter defined);

C. Operator, by and through its officers, employees, agents, representatives and affiliates, has expertise in the areas of management, operations, maintenance, electricity marketing and, sales and other matters related to the Purchased Assets (as hereinafter defined);

D. The Power Plant is expected to achieve final commissioning on or around the date hereof;

E. Owner wishes for Operator to perform or cause to be performed, and Operator wishes to perform or cause to be performed, the Services for Owner in connection with the Purchased Assets, and Owner wishes to compensate Operator for the performance of such Services on the terms and conditions set forth herein; and

F. Operator and Owner wish to enter into this Agreement setting out the terms and conditions on which the Services will be carried out.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the premises and the respective covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless the subject matter or context is inconsistent therewith:

- (i) **"Agreement"** means this management & operating services agreement, as amended and restated, modified or supplemented in accordance with the terms hereof from time to time;
- (ii) **"Applicable Law"** means, in relation to any Person, asset, transaction or event, all applicable provisions, whether now or hereafter in effect, of laws, statutes, rules, regulations, official directives and orders of all federal, provincial, municipal and local governmental bodies (whether administrative, legislative, executive or otherwise) and judgments, orders and decrees of all courts, arbitrators, commissions or bodies exercising similar functions in actions or proceedings in which the Person in question is a party or by which it is bound or having application to the asset, transaction or event in question, and shall also include all rules, policies procedures and guidelines of the Alberta Electric System Operator or the Market Surveillance Administrator as defined in the *Electric Utilities Act* (Alberta), the breach of which could reasonably be expected to lead to an investigation or sanction;
- (iii) **"Business Day"** means a day other than a Saturday, Sunday or a statutory holiday in Calgary, Alberta;
- (iv) **"Change of Control"** means the occurrence of any one or more of the following events with respect to the Operator, other than any event, transaction or occurrence with any of the Operator's affiliates:
 - (i) for any reason, any Person or group of Persons acquires control of the Operator, other than those Persons who had control of the Operator on the Effective Date. As used herein "control" means (i) the ability, whether directly or indirectly, to elect a majority of the board of director, managing committee or other similar body of the Operator or its general partner, or (ii) the ability to materially affect the direction or affairs of the Operator;
 - (ii) the Operator (or its general partner) enters into one or more agreements, that, subject only to the satisfaction of closing conditions, obligates the

Operator to consummate a transaction that would have the effect of clause (i) above;

- (iii) the Operator disposes of all or substantially all of its assets, whether in one transaction or in a series of transactions, or enters into one or more agreements, that, subject only to the satisfaction of closing conditions, obligates it to do the same; or
 - (iv) the Operator undertakes a reorganization or arrangement, by whatever means, pursuant to which there is an exchange of securities or change in the manner of ownership of the Operator or enters into one or more agreements that, subject only to the satisfaction of closing conditions, obligates it to do the same.
- (v) **"Confidential Information"** includes, without limitation, any business, technical or other information disclosed by a party and relating to such party's operations, plans, strategies (including any information related to trading and pricing of electricity), finances, development, know-how, trade secrets or employees, and which, at the time of disclosure, is designated as confidential, is disclosed in circumstances of confidence, or would be understood by the receiving party, exercising reasonable business judgment, to be confidential but does include information which:
- (i) is or becomes publicly available other than as a result of a disclosure by Operator or Operator's representatives in breach of this Agreement;
 - (ii) is or becomes available to Operator from a source (other than Owner, or Owner's representatives) which is not known by Operator, after reasonable inquiry, to be prohibited from disclosing such information to Operator by a legal, contractual or fiduciary obligation to Owner;
 - (iii) is already known to Operator or Operator's representatives or is already in Operator's or Operator's representatives' possession and was obtained from a source which was not, to Operator's knowledge after reasonable inquiry, prohibited from disclosing such information to Operator by a legal, contractual or fiduciary obligation; or
 - (iv) is independently developed by Operator or Operator's representatives without reference to the Confidential Information;
- (vi) **"Consents"** means all permits, licenses, waivers, exemptions, consents, certificates, authorizations, approvals, rights, rights of way, entitlements and the like which are required from any Governmental Authority or any other person under any Applicable Law in respect of, or which are in any way material to, the Power Business and without limiting the generality of the foregoing shall include the EPEA Approval;
- (vii) **"Effective Date"** means December 7, 2015;

- (viii) "**Electricity**" means the electric energy generated by the Power Plant for delivery to Operator at the inlet to the T3 transformer;
- (ix) "**Electricity Purchase Agreement**" means the electricity purchase agreement between Operator and Owner, dated of even date herewith, as amended, restated or replaced from time to time;
- (x) "**EPEA Approval**" means Approval No. 10318-02-00, dated February 21, 2008, as amended by Approval No. 10318-02-01, dated June 3, 2014, both issued pursuant to the Alberta *Environmental Protection and Enhancement Act*, RSA, 2000, c.E-12 and as may be further amended or renewed from time to time;
- (xi) "**Equipment Suppliers**" means any major equipment supplier retained by Owner in relation to the engineering, procurement, construction, testing, commissioning, maintenance, operation and related services in respect of the Power Plant, including EPS AB Energy Canada Ltd.;
- (xii) "**Excise Tax Act**" means the *Excise Tax Act* (Canada) and the regulations thereto, as amended from time to time;
- (xiii) "**Force Majeure**" means an event, condition, occurrence or circumstance which causes the delay or disruption of either Party to perform under this Agreement and which is beyond the reasonable control of the Party seeking to claim such event, condition, occurrence or circumstance as a Force Majeure event. Force Majeure shall include but not be limited to the following: (i) acts of God, landslides, lightning, earthquakes, fires or storms; (ii) actions or threatened actions of First Nations; (iii) strikes, lockouts or other industrial disturbances; (iv) riots, sabotage, insurrections or wars; (v) actions of governmental authorities such as those requiring compliance with any court order, administrative order, fine, penalty, enforcement order, directive, law, statute, ordinance or regulation promulgated by a governmental authority; (vi) the generation and/or delivery of Electricity from the Power Plant is disrupted by any event, condition, occurrence or circumstance which qualifies as an event of Force Majeure pursuant hereto; (vii) the receipt of Electricity from the Power Plant is disrupted by any event, condition, occurrence or circumstance which qualifies as an event of Force Majeure pursuant hereto; provided always that Force Majeure does not include: (viii) a lack of financial resources or available funds or similar financial predicament; or (ix) an event, condition, occurrence or circumstance to the extent due to or resulting from a negligent act or omission, breach of contract, violation of Applicable Law, or similar wrongful act or omission on the part of the Party seeking to claim such event as a Force Majeure;

- (xiv) **"Gas Purchase Agreement"** means the gas purchase agreement between Operator and Owner, dated of even date herewith, as amended, restated or replaced from time to time;
- (xv) **"Governmental Authority"** means, (a) any international, multinational, national, federal, provincial, state, county, municipal, local or other governmental or public department, central bank, court, minister, governor-in-council, cabinet, commission, board, bureau, agency, commissioner, tribunal or instrumentality, domestic or foreign; (b) any subdivision or authority of any of the above; (c) any stock exchange; and (d) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above;
- (xvi) **"Hazardous Substances"** means any substance or material that is prohibited, controlled or regulated by any Governmental Authority pursuant to Applicable Laws or Consents, including pollutants, contaminants, dangerous goods or substances, toxic, corrosive or hazardous substances or materials, wastes (including solid nonhazardous wastes and subject waste), petroleum and its derivatives and by-products, and other hydrocarbons, all as defined in or pursuant to any Applicable Laws;
- (xvii) **"Indemnified Party"** has the meaning ascribed thereto in Section 5.3 of this Agreement;
- (xviii) **"Indemnifying Party"** has the meaning ascribed thereto in Section 5.3 of this Agreement;
- (xix) **"Initial Term"** has the meaning ascribed thereto in Section 7.1 of this Agreement;
- (xx) **"Operation and Maintenance Manuals"** means the maintenance manuals provided by any Equipment Supplier;
- (xxi) **"Operator"** means, initially, MFC Processing Partnership, and thereafter any permitted assignee or successor who becomes the Operator under this Agreement;
- (xxii) **"Operator's Actual Costs"** has the meaning ascribed thereto in Section 2.6(ix) of this Agreement;
- (xxiii) **"party"** means either Operator or Owner, and **"parties"** means both of them;
- (xxiv) **"Person"** means any individual, corporation, partnership, limited partnership, limited liability company, joint venture, association, joint-stock company, trust, society, incorporated organization or any other similar entity;
- (xxv) **"Power Business"** means the business of Owner relating to the generation, marketing and sale of electrical energy and operation of the Power Plant and all

complementary, incidental and ancillary activities relating thereto or in furtherance thereof;

- (xxvi) "**Power Plant Contracts**" means, collectively, the Electricity Purchase Agreement, the Gas Purchase Agreement, and any construction, supply, maintenance or service agreements entered into by Owner, or the Operator on behalf of Owner in connection with the Power Plant;
- (xxvii) "**Prime Rate**" means the annual rate of interest announced from time to time by Landlord's principal banker in Calgary as its reference rate of interest for commercial demand loans made in Canada in Canadian funds to borrowers of varying degrees of credit worthiness.
- (xxviii) "**Renewal Term**" has the meaning ascribed thereto in Section 7.1 of this Agreement;
- (xxix) "**Services**" means all services required to be performed in connection with the management, operation, maintenance, review, supervision and monitoring of the Power Business, including, but not limited to: (i) accounting and finance services; (ii) operations; (iii) maintenance; (iv) environmental health and safety services; (v) surface land services; (vi) information technology services; (vii) general management and corporate services; and (viii) marketing and sales of electricity services; and (ix) any other services set forth in Schedule "A" hereto from time to time;
- (xxx) "**Site**" means the land on which the Power Plant is located together with all incidental and ancillary property rights of Owner relating to the operation of the Power Business;
- (xxxi) "**Standard**" means any of the practices, methods and acts that, in the exercise of reasonable judgment in the light of the facts known, or that reasonably should be known, to the party applicable at the time that a decision was made, could reasonably have been expected to accomplish the desired result in a cost-effective manner consistent with licensing and regulatory considerations, environmental considerations, reliability, safety and expedition. The Standard is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts employed by owners and operators of facilities similar in size and operational characteristics to the Power Plant, including those involving the use of new concepts or technology, and having due regard for practices followed from time to time by the electric industry, applicable electrical, environmental, safety and maintenance codes and standards, manufacturers' warranties, permits and all Applicable Law;
- (xxxii) "**Supplies**" means the goods supplied by or at the direction of Operator to Owner in connection with the performance of the Services and set forth in Schedule "B" hereto from time to time;

(xxxiii) "**Term**" means the term for which this Agreement is in force pursuant to Section 7.1 of this Agreement;

(xxxiv) "**Termination Date**" means, unless the Agreement is terminated earlier by either Party pursuant to Section 7.1 (in which case the Termination Date shall be the effective date of such termination), the last day of the Initial Term subject to extension pursuant to Section 7.1(ii); and

(xxxv) "**Transaction Documents**" has the meaning set forth in that certain Purchase Agreement, dated the date hereof, between Operator, as vendor, and Owner, as purchaser.

1.2 Currency

All references to currency shall mean Canadian Dollars unless otherwise expressly provided.

1.3 Interpretation Not Affected by Headings, etc.

All Section headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement. Unless otherwise indicated, references to Articles or Sections are to Articles or Sections in the main body of this Agreement.

1.4 Number, etc.

Unless the subject matter or context requires the contrary, words importing the singular number only shall include the plural and vice versa; words importing the use of any gender shall include all genders; and words importing persons shall include natural persons, firms, trusts, partnerships and corporations.

1.5 Date for Any Action

In the event that any date on which any payment is required to be taken hereunder by any of the parties hereto is not a Business Day, such payment shall be required to be taken on the next succeeding day which is a Business Day.

1.6 Entire Agreement

The Transaction Documents constitute an entire agreement among the Parties and set out all of the covenants, promises, warranties, representations, conditions, understandings and agreements among the Parties pertaining to the subject matter of the Transaction Documents and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written.

ARTICLE 2 SERVICES

2.1 Engagement

Effective as of the Effective Date, Owner hereby engages Operator to perform or cause to be performed the Services for and provide or cause to be provided the Supplies to Owner, and Operator hereby accepts such engagement and agrees to perform or cause to be performed the Services for and provide or cause to be provided the Supplies to Owner, upon and subject to the terms and conditions set forth in this Agreement. Except as otherwise specifically provided herein, Operator may not resign its appointment during the Term.

2.2 Services

Operator shall:

- (i) have the right to engage the services of third-party contractors or its affiliates to perform some or all of the Services and provide some or all of the Supplies without the prior consent of Owner, provided that Operator causes such contractors or affiliates to perform the Services and provide the Supplies in accordance with the terms and conditions of this Agreement. No subcontracting shall release Operator from its responsibility for its obligations under this Agreement;
- (ii) be solely responsible for and bear all costs associated with the selection, hiring, training, assignment, welfare, disciplining, supervision and dismissal of all personnel providing Services and providing the Supplies hereunder, including the obtaining, maintaining and (where necessary) renewal of work permits and other necessary permissions, registrations, authorizations, licenses and permits in relation to any third-party contractors;
- (iii) make any and all payments that are required in relation to its employees, including those required by Applicable Law, which shall include statutory payments to social security institutions and pension schemes, or any contractual arrangements;
- (iv) provide the Services to the Standard and at all times materially comply with and perform to the Standard;
- (v) perform the Services and its other obligations under this Agreement in accordance in all material respects with and subject to Applicable Laws and any applicable Consents;
- (vi) perform the Services and its other obligations under this Agreement in accordance in all material respects with and subject to the terms of the Power Plant Contracts;
- (vii) perform the Services and its other obligations under this Agreement in accordance in all material respects with and subject to the Operation and Maintenance Manuals;
- (viii) perform the Services and its other obligations under this Agreement in accordance in all material respects with and subject to the terms of Owner's insurance policies;

- (ix) notify Owner of all variations made to the operation of the Power Plant and shall notify Owner in advance, to the extent possible, of any proposed variations that are material;
- (x) while on Owner's Premises and any land, easement or right-of-way conferred to Owner pursuant to the Lease, comply, and cause its respective representatives to comply with, the reasonable requests, standard rules and regulations of the Operator and the Owner, as instructed from time to time, regarding security, safety and health and personal and professional conduct generally applicable to such premises;
- (xi) keep all property and all personal property and equipment associated with or part of the Power Plant free and clear of all liens and encumbrances caused by an action or failure to act by Operator or any of its consultants, suppliers or subcontractors in the performance of its obligations under this Agreement, including, without limitation, failure by Operator to pay, when due, any bill or charge for labour or services performed or materials or equipment furnished for use in connection with this Agreement; and
- (xii) if Operator becomes aware of an inconsistency in relation to the foregoing requirements, Operator shall promptly notify Owner of such inconsistency and resolve the inconsistency pursuant to Owner's direction, subject to any Applicable Law.

2.3 Access to the Power Plant

- (i) During the Term, Owner shall relinquish day-to-day control of the Site to Operator, and Operator shall ensure that, subject to all applicable safety regulations and requirements and reasonable notice:
 - (i) Owner and all other persons duly authorized by Owner shall have full and free access to the Power Plant and the Site at all times; and
 - (ii) the Equipment Suppliers (and their subcontractors and representatives, including advisors as appropriate) have access to the Power Plant and the Site in accordance with the terms of the respective Power Plant Contracts.
- (ii) Owner shall indemnify and save Operator, in its capacity as such, harmless from and against any loss, liability, claim, demand, damage and expense in connection with loss of life, personal injury or damage to property (including, without limiting the generality of the foregoing, legal fees) arising out of any acts or omissions of the Operator or its officers, employees or agents, contractors, licensees and invitees, as applicable, while accessing the Site.
- (iii) Notwithstanding Section 2.3(ii), Operator, in its capacity as such, will not be indemnified nor held harmless by the parties for its gross negligence, wilful

misconduct or breach of this Agreement or of Applicable Law or that of its officers, employees, agents or invitees.

2.4 Reporting and Contract Administration

- (i) Operator shall provide Owner with operating reports, including monthly reports detailing the energy generated and sold, fuel consumed, ancillary services transactions and associated revenues, major maintenance performed, unscheduled outages, accident and safety statistics and the costs of the performance of the Services and provision of the Supplies at such intervals as Owner may reasonably request and such reports shall be in a form acceptable to Owner and shall contain such information and details as Owner may require from time to time.
- (ii) The parties will participate in regularly scheduled review meetings, at mutually agreed to locations, or through teleconferences, as determined by the parties, to review the performance of the Services.
- (iii) Each party shall designate one individual as a contract manager, who shall be that party's primary point of contact for all questions and issues relating to this Agreement. Each such contract manager shall have overall responsibility for managing and coordinating performance of that party's obligations under this Agreement and shall be authorized to act for and on behalf of that party with respect to all matters relating to this Agreement. Operator recognizes the benefits inherent in maintaining the continuity of contract management personnel under this Agreement and agrees to use reasonable commercial efforts to maintain its contract management personnel under this Agreement throughout the Term. At Owner's option, its contract manager may be provided by Operator as a service under this Agreement and may be the same individual as Operator's contract manager.

2.5 Financial Statements, Records, Audit and Regulatory Requirements

- (i) Operator shall keep proper accounts and records of all expenditures made by it in connection with the performance of the Services and provision of the Supplies and all invoices, receipts and vouchers relating thereto. Operator shall assist Owner in meeting its audit and regulatory requirements, as they relate to the Services and the Supplies, to enable Owner, any Governmental Authority and Owner's auditors to comply with and satisfy any applicable regulatory requirements and to conduct appropriate audits. Operator shall, if requested by Owner, prepare or assist in preparing quarterly or annual financial statements for Owner in furtherance of the foregoing. Operator shall carry out all regulatory requirements to which the Power Business may be subject or that may be imposed on it, including and without limiting the generality of the foregoing, all monitoring, measuring, sampling and reporting requirements as set out in any licences and permits in Schedule 2.1(a) to the Purchase Agreement and as set out in the EPEA Approval.

- (ii) Operator shall permit Owner and its authorized representatives at any time during normal business hours on a Business Day, and at Owner's sole cost to examine the books, records, drawings, computer-stored data, correspondence, accounting procedures and practices, cost analyses and any other supporting financial data, including invoices, payments or claims and receipts to the extent pertaining to the Power Business maintained by Operator at its head office. Owner's examination of records at the Power Plant or at Operator's principal establishment shall be conducted in a manner which will not unduly interfere with the conduct of the Power Business or of Operator's business in the ordinary course. Operator shall furnish to Owner such financial and operating data and other information with respect to the Power Business as Owner shall from time to time reasonably request.

2.6 Compensation

- (i) In consideration of the provision of the Services, Owner shall pay Operator the compensation set out in Schedule "A" attached hereto.
- (ii) In consideration of the provision of the Supplies, Owner shall pay Operator the compensation set out in Schedule "B" attached hereto.
- (iii) Owner shall be responsible for reimbursement for Operator's reasonable *bona-fide* third party disbursements, expenses, costs and overhead in connection with the provision of the Services and the Supplies other than as otherwise compensated in Sections 2.6(i) and (ii) hereof. Operator shall keep proper accounts and records of all disbursements, expenses, costs, overhead and other expenditures made in connection with the Services and the Supplies and all invoices, receipts and vouchers relating thereto.
- (iv) **Late Payments.** Where a sum is required to be paid under this Agreement, but is not paid on the date the Parties agreed, the Party to pay the sum shall also pay an amount equal to interest on that sum at 0.5% above the Prime Rate for the period beginning with that date and ending with the date the sum is paid.
- (v) **Disputed Amounts.** If the whole or any part of any invoice submitted by Operator is the subject of a *bona fide* dispute. Owner and Operator shall use all reasonable endeavors to resolve any dispute within twenty (20) Business Days of the dispute arising. If they fail so to resolve such dispute, Operator shall continue to provide the Services and the matter shall be resolved in accordance with Section 8.7, and any amounts agreed or determined to be due shall be paid within five (5) Business Days of such agreement or resolution. Operator shall not be relieved of its obligations to perform the Services in accordance with this Agreement during the pendency of any such dispute.
- (vi) **Set-Off.** Amounts payable pursuant to this Agreement will be paid to Operator firstly by way of offset against any amounts owing by Operator to Owner under any other Transaction Document. Operator agrees that any offset claimed shall constitute a valid payment by Owner hereunder.

- (vii) **Withholdings.** Allowance for any provincial or federal goods and services taxes imposed by the Excise Tax Act ("GST") is not included in the Fee (as defined in Schedule "A" hereto) or in reimbursements, and Operator shall, if applicable, invoice and collect GST from Owner. Owner shall be entitled to seek reimbursement of GST paid to Operator directly from the relevant Governmental Authority.

Except as provided above with respect to GST, or as required by Applicable Law, all payments under this Agreement shall be made without any deduction or withholding for or on account of any tax. If a party is so required to deduct or withhold then that party will:

- (i) promptly notify the other party (the "Payee") of that requirement (or that there has been any change in the rate or the basis of any deduction or withholding);
 - (ii) co-operate in completing any procedural formalities necessary to obtain authorization to make such payments without any deduction or withholding;
 - (iii) pay to the relevant authorities within the time allowed and in the minimum amount required the full amount required to be deducted or withheld; and
 - (iv) promptly forward to the Payee an official receipt (or certified copy) or other documentation reasonably acceptable to the Payee evidencing such payment to such authorities.
- (viii) **Tax Covenants.** Each party agrees that, until the Termination Date and subject to clause (v) above, it will deliver to the other party (or to such Government Authority as the other party reasonably directs) any form or document that may be required or reasonably requested in writing in order to allow such other party to make a payment under this Agreement without any deduction or withholding for or on account of any tax or with such deduction or withholding at a reduced rate (so long as the completion, execution or submission of such form or document would not materially prejudice the legal or commercial position of the party in receipt of such demand). Any such form or document shall be accurate and completed in a manner reasonably satisfactory to the other party and be executed and to be delivered, as soon as reasonably practicable, with any reasonably required certification.
- (ix) **Fee Re-Opener.** Upon the expiration of the initial year of the Term, and every five years thereafter, each party, each acting reasonably, shall have the option to re-open the Fee provisions of the Agreement for the ensuing five (5) years by providing written notice to the other within 60 days of the expiration of such period together with reasonable background and supporting information to permit the other party to evaluate the situation, including in the case of the Operator, details of the costs actually incurred by the Operator directly in connection with the provision of Services by the Operator hereunder in the preceding fiscal year of

the Owner and reasonable supporting documentation. The parties, acting reasonably, shall then seek to negotiate a revised Fee, satisfactory to each of the parties, during the following 120-day period, which shall be equal to 1.05 multiplied by the actual reasonable costs properly incurred by the Operator directly in connection with the provision of Services by the Operator in the preceding fiscal year of the Owner as determined and agreed by the Parties, acting reasonably and in accordance with generally accepted accounting principles applicable to the Operator (the "**Operator's Actual Costs**"). If at the end of such 120-day period the parties have been unable to agree upon the amount of the Operator's Actual Costs, the matter shall proceed to the dispute resolution process as provided in Section 8.7 hereof.

2.7 Devotion to Agreement

- (i) During the Term of this Agreement, Operator shall devote sufficient time, attention, and ability as is reasonably necessary for the proper performance of the Services. Nothing contained herein shall be deemed to require Operator to devote its exclusive time, attention and ability to the performance of the Services. During the Term of this Agreement, Operator shall cause each of its agents assigned to performance of the Services to: (i) at all times perform the Services faithfully, diligently and to the best of their abilities; and (ii) devote such of its time, labour and attention as is necessary for the proper performance of the Services.
- (ii) Operator and its affiliates may be engaged in, or hereafter become engaged in, activities other than providing the Services hereunder, and that those other activities may involve:
 - (i) the provision of Services, to any persons whomsoever, which are the same as or similar to the Services;
 - (ii) engaging in the business of, and/or the direct and indirect ownership, management, operation and lease of assets and property in connection with, the generation, transmission, distribution and purchase and sale of electricity and ancillary services (as described in the *Electric Utilities Act* (Alberta));
 - (iii) acquiring and otherwise dealing with investments and other direct or indirect rights in persons involved in the business of the generation, transmission, distribution, purchase and sale of such electricity and ancillary services; and
 - (iv) engaging in all activities ancillary or incidental to any of the foregoing, any of which may be in competition with or conflict with any of the foregoing, or the interests of activities of Owner or its affiliates.
- (iii) Owner hereby consents to any and all such activities by Operator and agrees that nothing herein shall prevent Operator or any of its affiliates, or any of their respective officers, directors or employees from having other business interests or

from engaging in any other business activities even though such business interests or activities may be similar to or competitive with the interests or activities of Owner or its affiliates, or from rendering services to any other person even though such person may have investment or business interests similar to, or competitive with, those of Owner or its affiliates. Operator and its affiliates shall not be obligated to offer any business opportunities to Owner or its affiliates.

2.8 Power of Attorney

Owner hereby irrevocably nominates, constitutes and appoints Operator as its true and lawful attorney to act on its behalf with full power and authority in its name, place and stead to execute and deliver on Owner's behalf and in its name and record or file as and where required in the opinion of Operator any certificate, agreement and any other instruments or documents required to perform the Services. The power of attorney granted in this Section 2.8 is irrevocable, is a power coupled with an interest, shall survive the bankruptcy or insolvency of Owner, and may be exercised by Operator on behalf of and in the name, place and stead of Owner in executing any instrument by a facsimile or original signature, with the indication that it is acting on behalf of Owner. Owner agrees to be bound by any statements and actions made or taken by Operator pursuant to the power of attorney granted in this Section 2.8 and hereby waives any and all defences which may be available to negate or disaffirm the action of Operator taken in good faith under such power of attorney.

2.9 Obligations of Owner

Owner shall, at its sole expense:

- (i) save to the extent assumed by Operator under the terms of the Agreement, comply in all material respects with its obligations as owner of the Power Plant under the Power Plant Contracts, Applicable Laws and all Consents;
- (ii) exercise its rights to grant or withhold any approval required to be given pursuant to this Agreement in a reasonable and timely fashion so as to enable Operator to comply with its obligations under this Agreement, including in relation to administration of the Power Plant Contracts;
- (iii) provide to Operator copies of the Power Plant Contracts;
- (iv) provide to Operator copies of any and all Consents relating to the Power Plant which may be in force from time to time during the Term, including any orders, notices, or other ancillary communications or documents relating to such Consents;
- (v) provide to Operator any other information which Operator may reasonably require in order to perform its obligations under this Agreement; and
- (vi) pay any property or other taxes related to the Power Plant or its activities (other than income or employment related taxes of Operator or its employees) and the

Services and Supplies, including sales, use, stamp, fuel, value added and goods and services taxes, as well as import and customs duties, if any.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

3.1 Mutual Representations and Warranties

Each party represents and warrants to the other party as follows and acknowledges that the other party is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

- (i) it is duly formed and validly existing under the laws of its jurisdiction of formation and has the power and authority to own or lease its property and assets and to carry on its business as now conducted by it;
- (ii) the execution and delivery of this Agreement by it, including all matters contemplated hereby, have been authorized by all necessary action and it has the power and authority to enter into and perform its obligations under this Agreement;
- (iii) it has duly executed and delivered this Agreement and this Agreement is a valid and binding agreement enforceable against it in accordance with its terms, subject to bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and to general principles of equity; and
- (iv) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby do not now and will not:
 - (i) conflict with, result in a breach of or create a state of facts which after notice or lapse of time or both results or may result in a breach of any of the terms, conditions or provisions of (A) its constituting documents or (B) any material agreement, instrument, licence, permit, undertaking, commitment or understanding to which it or any of its subsidiaries is a party or by which it is bound, a breach of which would result in a material adverse effect on it; or
 - (ii) violate any provision of law or administrative regulation or any judicial or administrative award, judgement or decree applicable and known to it (after due inquiry), the breach of which would have a material adverse effect on it.

3.2 Representations and Warranties of Operator

- (i) Operator hereby represents and warrants that, in consideration of the compensation payable to it pursuant to this Agreement, Operator shall carry out, or cause to be carried out, the Services with reasonable due diligence and care and in accordance with the Standards and the terms and conditions of this Agreement.

- (ii) Prior to the Effective Date, Operator has not performed Services for any third party related to the operation of the Power Business.

ARTICLE 4 OTHER AGREEMENTS AND COVENANTS

4.1 Co-operation and Consents

- (i) Operator shall, on behalf of Owner be solely responsible for obtaining, maintaining and (where necessary) renewing all authorizations, waivers, exemptions, consents, orders and other approvals from domestic or foreign courts, governmental or regulatory agencies, boards, commissions or other authorities, shareholders and third-parties as are necessary for the consummation of the transactions contemplated by this Agreement.
- (ii) Owner shall co-operate and use its reasonable commercial efforts to assist Operator in, and shall bear all costs associated with, obtaining, maintaining and (where necessary) renewing all authorizations, waivers, exemptions, consents, orders and other approvals from domestic or foreign courts, governmental or regulatory agencies, boards, commissions or other authorities, shareholders and third-parties as are necessary for the consummation of the transactions contemplated by this Agreement.

4.2 Compliance With and Changes in Law

- (i) Each party will comply with all Applicable Laws, regulations and statutory requirements, and advise the other of changes in law that concern the conduct of its business and affect performance of the Services.
- (ii) The parties shall work together to identify the impact of any changes in law that relate to how Owner receives and uses, and Operator delivers, the Services. Owner shall be responsible for any fines and penalties arising from any noncompliance by Owner or Operator with any such changes in law relating to the Services; provided, however, that Operator shall be responsible for any fines and penalties arising from any noncompliance by Operator to the extent Owner has notified Operator of a change in law and Operator failed to comply with such change in law even though it had a reasonable period of time after notification from Owner in which to comply with such change in law.

4.3 Cooperation with Third-Parties

Operator shall cooperate with any independent third-party service providers of Owner; provided, however, that Operator shall not be required to disclose any of its Confidential Information to such third-party service provider unless such third-party executes a confidentiality agreement and such third-party's use of such Confidential Information is solely for the benefit of Owner.

4.4 Confidentiality

Operator understands, covenants and agrees that, in the performance of the Operator's obligations under this Agreement, the Operator will obtain knowledge of Confidential Information relating to the business or affairs of Owner or of any of its subsidiary or affiliated companies. The Operator agrees that the Operator shall not, either before or after termination of this Agreement, directly or indirectly, except as otherwise expressly provided herein, disclose the Confidential Information to any other person or use any portion thereof except: (i) as permitted pursuant to this Agreement or any of the Power Plant Contracts and the Transaction Documents; (ii) solely for the purposes of providing the Services, to Operator's affiliates and their respective directors, officers, employees, agents, permitted sub-contractors and other representatives, each of whom will be informed of the confidential nature of such Confidential Information and who shall be caused by Operator to comply with this Section 4.4; (iii) solely for the purposes of providing the Services, to Operator's successors and permitted assigns, each of whom will be informed of the confidential nature of such Confidential Information and who shall comply with this Section 4.4; (iv) as may be required by Applicable Law or at the request of any court, regulatory, judicial or supervisory authority having jurisdiction over Operator, Owner or the Confidential Information; provided that, to the extent permitted by law, Owner is given prompt written notice of the existence, terms and circumstances of any such requirement prior to disclosure pursuant to this clause (iv) and that, to the extent permitted by law, Operator provide reasonable assistance to Owner (at Owner's sole cost and expense) in any attempt by Owner to prevent or limit such disclosure; or (v) with Owner's prior written consent.

4.5 Unauthorized Acts

Each party shall: (i) promptly notify the other party of any unauthorized possession, use or knowledge, or attempt thereof, of the other party's Confidential Information by any person or entity that may become known to such party, including any incidents involving a breach of security and any incidents that might indicate or lead to a threat to, or weakness in, security; (ii) promptly furnish to the other party full details of the unauthorized possession, use or knowledge, or attempt thereof, and assist the other party in investigating or preventing the recurrence of any unauthorized possession, use or knowledge, or attempt thereof, of Confidential Information; (iii) cooperate with the other party in any litigation and investigation against third-parties deemed necessary by the other party to protect its proprietary rights; and (iv) promptly use commercially reasonable efforts to prevent a recurrence of any such unauthorized possession, use or knowledge, or attempt thereof, of Confidential Information.

4.6 Personal Information

In the event the Services require the access to or use of personal data, each party shall be responsible for taking all necessary steps required by Applicable Law to ensure the protection of the privacy of such personal data to be accessed or used. In the event that Applicable Law requires registration with or consents of a Governmental Authority, Owner shall register, or cause such registration, with such Governmental Authority, or obtain such consents, unless Applicable Law otherwise requires.

4.7 Excise Tax Act Election

Operator and Owner shall jointly execute in the prescribed form, and shall file within the prescribed time, an election under Section 156 of the *Excise Tax Act* (Canada) that the provision

of the Services hereunder be deemed to be supplied for nil consideration for the purposes of the *Excise Tax Act* (Canada).

4.8 Operator Excise Tax Act Registration

The Operator is registered for the purposes of Part IX of the ETA and has been assigned registration number 77614 0300 RT0001.

4.9 Owner Excise Tax Act Registration

The Owner is registered for the purposes of Part IX of the ETA and has been assigned registration number 80681 1568 RT0001.

ARTICLE 5 INDEMNITY

5.1 Indemnity by Operator

Operator hereby agrees to indemnify, defend and hold harmless Owner from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including reasonable and documented legal fees on a solicitor-client basis), arising directly or indirectly, in whole or in part, out of the negligence, or wilful misconduct by Operator, or due to a breach of this Agreement or the provision of the Services by Operator, or by any of its officers, directors, agents or employees, in connection with this Agreement or the Services.

5.2 Indemnity by Owner

Owner hereby agrees to indemnify, defend and hold harmless Operator and its officers, directors and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including reasonable and documented legal fees on a solicitor-client basis), arising directly or indirectly, in whole or in part, out of the negligence, wilful misconduct or breach of this Agreement by Owner (except to the extent of any act for which indemnity is given by Operator pursuant to Section 5.1), or of any by its officers, directors, agents or employees, in connection with this Agreement.

5.3 Indemnification Procedures

If any third-party claim is commenced against a party who is entitled to indemnification under this Agreement (an "**Indemnified Party**"), notice thereof shall be given to the other party (the "**Indemnifying Party**") as promptly as practicable. If, after such notice, the Indemnifying Party shall acknowledge that this Section 5.3 applies with respect to such claim, then the Indemnifying Party shall be entitled, if it so elects in a notice promptly delivered to the Indemnified Party, but in no event less than ten (10) days prior to the date on which a response to such claim is due, to immediately take control of the defense and investigation of such claim and to employ and engage attorneys reasonably acceptable to the Indemnified Party to handle and defend the same,

at the Indemnifying Party's sole cost and expense. Where conflicting interests so require, the Indemnified Party shall have separate counsel, at the Indemnifying Party's expense. The Indemnified Party shall cooperate, at the cost of the Indemnifying Party, in all reasonable respects with the Indemnifying Party and its attorneys in the investigation, trial and defense of such claim and any appeal arising therefrom; provided, however, that the Indemnified Party may, at its own cost and expense, participate, through its attorneys or otherwise, in such investigation, trial and defense of such claim and any appeal arising therefrom. No settlement of a claim pursuant to this Section 5.3 that involves a remedy other than the payment of money by the Indemnifying Party shall be entered into without the consent of the Indemnified Party, which consent shall not be unreasonably withheld. After notice by the Indemnifying Party to the Indemnified Party of its election to assume full control of the defense of any such claim, the Indemnifying Party shall not be liable to the Indemnified Party for any legal expenses incurred thereafter by such Indemnified Party in connection with the defense of that claim. If the Indemnifying Party does not assume full control over the defense of a claim subject to such defense as provided in this Section 5.3, the Indemnifying Party may participate in such defense, at its sole cost and expense, and the Indemnified Party shall have the right to defend the claim in such manner as it may deem appropriate, at the cost and expense of the Indemnifying Party.

ARTICLE 6 INSURANCE

6.1 Cover Maintained by Operator

- (i) During the Term, Operator shall maintain insurance meeting the specifications set forth in Schedule 6.1.
- (ii) Operator shall require, where applicable, each of its subcontractors to obtain and maintain in effect the same types of coverage as required of Operator with commercial umbrella/excess liability in amounts that are usual and customary for the type of work performed by such subcontractors.
- (iii) Operator shall provide a Certificate of Insurance evidencing the required coverage required by this Article 6. The Certificate of Insurance will be promptly provided to Owner at each annual renewal of the insurance. If requested Operator will furnish copies of all relevant insurance policies to Owner.

6.2 Notification of Claims

Operator shall give prompt notification to Owner of any circumstances or event of which it is aware or which comes to its attention and which could reasonably give rise to a claim with respect to any of the insurance policies referred to in this Article 6. In such notice, Operator shall:

- (i) identify to Owner the reasons such claim has arisen or the reasons why Operator cannot identify such reasons;
- (ii) propose any method which Operator, acting in accordance with the Standards, considers appropriate to prevent further claims and explain why no such method is required; and

- (iii) describe the time required to implement any such method and any cost involved.

Owner shall be entitled to comment on any such Operator's report and direct Operator to act in such manner as it may consider appropriate including, at its own expense, obtaining the opinion of any technical expert appointed by Owner to review such report and to advise Owner thereon. Operator shall not be entitled to effect any settlement of any claim made in respect of any of the insurance policies referred to in Article 6 without the prior approval of Owner.

6.3 Operator's Liabilities and Obligations

Neither failure to comply nor full compliance with the insurance provisions of this Agreement shall limit or relieve Operator of its liabilities and obligations under this Agreement and in particular from Operator's obligation to hold Owner harmless in accordance with any indemnity provisions contained in this Agreement.

ARTICLE 7 TERM, RENEWAL, TERMINATION AND AMENDMENT

7.1 Term, Renewal and Termination

- (i) The initial term of this Agreement shall commence on the date of this Agreement and, subject to earlier termination or renewal as provided in this Agreement, shall terminate on the tenth anniversary of the date of this Agreement (the "**Initial Term**").
- (ii) Upon expiration of the Initial Term and each Renewal Term thereafter, this Agreement shall automatically renew for a one (1) year renewal period (each, a "**Renewal Term**").
- (iii) Unless this Agreement is earlier terminated, Owner shall notify Operator at least three (3) months prior to the expiry of the Initial Term or, if in a Renewal Term, three (3) months prior to the expiry of any such Renewal Term of Owner's desire not to renew this Agreement, otherwise this Agreement shall be automatically renewed on and subject to the same conditions set forth herein.
- (iv) This Agreement may be terminated at any time by agreement in writing executed by Owner and Operator.
- (v) This Agreement may be terminated by Owner (i) upon a Change of Control of Operator, or (ii) for any reason, upon at least three (3) months' written notice to the Operator.
- (vi) In the event of any material breach or default by Operator in regard to the Services, Owner may terminate this Agreement, provided that Owner shall give notice to Operator specifying the material breach or default, and a reasonable period to cure and remedy the default.

- (vii) In the event of any material breach or default of this Agreement by Owner, Operator may terminate this Agreement, provided that Operator shall give notice to Owner specifying the material breach or default, and a reasonable period to cure and remedy the default.
- (viii) In the event of the termination of this Agreement prior to the expiry of the Initial Term or a Renewal Term, as applicable, the compensation payable to Operator shall be pro-rated to the end of the month of the notice period, and no compensation will be payable from and after the end of the notice period.
- (ix) In the event that either Owner or Operator: (i) shall admit in writing its inability to, or be generally unable to, pay its debts as such debts become due; or (ii) shall (1) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, examiner or liquidator of itself or of all or a substantial part of its property or assets; (2) make a general assignment for the benefit of its creditors; (3) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement or winding-up, or composition or readjustment of debts; (4) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under any bankruptcy or insolvency legislation; or (5) take any corporate action for the purpose of effecting any of the foregoing, then the other party may, by giving notice thereof to such party, terminate this Agreement effective as of the date specified in such termination notice.
- (x) Upon termination of this Agreement, Operator shall upon receipt of all sums due and owing, promptly deliver a final accounting, reflecting the balance of expenses incurred on behalf of Owner as of the date of termination and in accordance with the direction of Owner.

7.2 Effect of Termination

Subject to Section 8.4, in the event of any termination of this Agreement, the provisions hereof will become void and no party will have any liability to any other party in respect of this Agreement, except in respect of any breach of this Agreement which occurred on or before the termination of this Agreement.

7.3 Transfer of Operator's Responsibilities

Immediately upon termination of this Agreement, Operator shall deliver to or relinquish custody in favour of Owner or such person as Owner shall nominate all details, specifications, schedules, reports, books, records, correspondence, contracts and inventories and all property of Owner to the extent relating to the Power Plant. Operator shall further transfer to Owner (or such other person as Owner may nominate), its rights as operator under all contracts entered into in the performance of its obligations under this Agreement save to the extent that any such assignment is prohibited under the terms of the said contracts, in which case Operator shall use commercially reasonable efforts to procure the consents of the applicable counter-parties to permit such assignment.

7.4 Continuity of Operation

In the event of termination of this Agreement, Operator shall if required by Owner continue to operate the Power Plant for a period specified by Owner but not exceeding 120 Business Days while a replacement manager is installed. During any such period, Operator shall continue to act in all respects in accordance with this Agreement as if same had not been terminated and the obligations of the parties hereunder continued during such period. Owner shall afford Operator every assistance in redeploying staff or making use of temporary staff to carry out its obligations and shall pay Operator during such period the same amount as would have become due during such period if the Agreement had not been terminated.

7.5 Force Majeure

- (i) Neither party shall be responsible or liable in any way for any delays in or suspension of performance of its obligations under this Agreement caused by Force Majeure.
- (ii) A party affected by Force Majeure shall:
 - (i) promptly notify the other party of the occurrence, nature and anticipated duration and impact of such Force Majeure; and
 - (ii) use reasonable efforts to mitigate and overcome the effects of such Force Majeure.
- (iii) Where a Force Majeure lasts for a continuous period of greater than 6 months, Owner shall be entitled to terminate this Agreement by 30 days' written notice to the Operator.

7.6 Amendment

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by the parties hereto and no waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the waiving party.

ARTICLE 8 GENERAL PROVISIONS

8.1 Independent Contractor

Operator shall at all times be deemed an independent contractor and none of its employees shall be considered employees of Owner. Operator shall not be deemed or construed to be, and shall not be, under any circumstances or for any purpose, a partner or joint venture of or with Owner by virtue of, or under this Agreement or otherwise in respect of the Power Plant. Subject to Owner's rights pursuant to this Agreement, Owner shall not interfere with Operator's management and supervision of Operator's personnel.

8.2 Assignment

In the event that the Power Plant is sold, then in connection with such sale, Owner may assign all of its right, benefit or interest in this Agreement to the purchaser under such transaction without consent of the Operator. Owner may assign any of its right, benefit or interest in this Agreement to its affiliates without the consent of Operator. Operator may not assign any right, benefit or interest in this Agreement, other than to its Affiliates, without the written consent of Owner, except as specifically provided herein.

8.3 Notices

All notices and other communications hereunder shall be in writing and shall be delivered by hand to the parties at the following addresses or sent by telecopy at the following telecopier numbers or at such other addresses or telecopier numbers as shall be specified by the parties by like notice:

(a) if to Owner:

MFC Power Limited Partnership
Suite 400-1035 7th Avenue SW
Calgary, Alberta
T2P 3E9

Facsimile: 403-652-1369
Attention: President of General Partner

(b) if to Operator:

MFC Processing Partnership
Suite 400-1035 7th Avenue SW
Calgary, Alberta
T2P 3E9

Facsimile: 403-652-1369
Attention: President of General Partner

The date of receipt of any such notice shall be deemed to be the date of delivery thereof or, in the case of notice sent by telecopy, the date of successful transmission thereof (unless transmission is received after normal business hours, in which case the date of receipt shall be deemed to be the next Business Day).

8.4 Survival of Representations, Warranties and Covenants

The respective representations, warranties and covenants of Owner and Operator contained herein shall expire with, and be terminated and extinguished upon, the completion or termination of this Agreement, except for the provisions of Sections 4.4, 4.5 and 4.6, Article 5, Sections 7.2, 7.3 and 7.5, this Section 8.4 and Section 8.7 which shall survive for five years as continuing covenants following the completion or termination of this Agreement.

8.5 No Third Party Beneficiaries

Each party hereto intends that this Agreement will not benefit or create any right or cause of action in or on behalf of any person other than the parties hereto (or their permitted assigns), and no person, other than the parties hereto (or their permitted assigns), will be entitled to rely on the provisions hereof in any action, suit, proceeding, hearing or other forum.

8.6 Applicable Law and Jurisdiction

This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein and shall be treated in all respects as an Alberta contract. The parties attorn to the non-exclusive jurisdiction of the courts of Alberta in Calgary.

8.7 Dispute Resolution

If the parties fail to agree on any matters referred to in this Agreement, either Operator or Owner may by notice to the other party refer the dispute to the senior management of Operator and Owner or such other Persons as they may designate who shall meet within ten (10) days of receipt of such notice and negotiate in good faith to determine a commercially fair and equitable solution to that dispute. If the parties are unable to agree within thirty (30) days of the notice of dispute delivered hereunder, then either party may refer the matter to a single arbitrator under the *Arbitration Act* (Alberta) then in effect in Alberta whose decision thereon will be final, binding and conclusive. All arbitration proceedings will be conducted in Calgary, Alberta. A decision of an arbitrator under this Agreement, including any decision as to costs, will be final and binding on the parties but will not be a precedent in any subsequent arbitration. This Section 8.7 will survive any termination of this Agreement and will continue to be binding upon the parties, their successors and permitted assigns and be enforceable against them.

8.8 Binding Effect

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

8.9 Time of Essence

Time shall be of the essence of this Agreement.

8.10 Counterparts

This Agreement and any amendments hereto may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall be considered one and the same agreement. A signed facsimile, telecopied or electronic copy (including Portable Document Format) of this Agreement shall be effectual and valid proof of execution and delivery.

8.11 Further Assurances

Each party covenants and agrees that, prior to, on and following the Effective Date, it shall act in good faith with respect to the satisfaction of its obligations under this Agreement, and, at the reasonable request of the other party, shall, at its own (unless otherwise provided in this Agreement) expense, take all such actions and do all such things and, as the case may be, execute and deliver or furnish such additional agreements, documents and instruments as may, from time to time, be necessary or reasonably desirable to better effectuate the transactions contemplated by this Agreement.

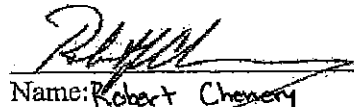
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IN WITNESS WHEREOF each of the parties hereto has executed this Agreement effective as of the date first written above.

MFC PROCESSING PARTNERSHIP, by
its General Partner MPP Ltd.

MFC POWER LIMITED PARTNERSHIP,
by its General Partner MFC POWER
GENERAL PARTNER LTD.

By:



Name: Robert Chenery

Title: Director and Executive Chairman

By:

Name:

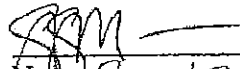
Title:

IN WITNESS WHEREOF each of the parties hereto has executed this Agreement effective as of the date first written above.

MFC PROCESSING PARTNERSHIP, by
its General Partner MPP Ltd.

MFC POWER LIMITED PARTNERSHIP,
by its General Partner MFC POWER
GENERAL PARTNER LTD.

By: _____
Name:
Title:

By: 
Name: Samuel S. Morrow
Title: Director

SCHEDULE "A" SERVICES & COMPENSATION

Services:

On and following the Effective Date, Operator shall perform the Services with the intent to keep the Power Plant in good working order and in a fit state to continue operating until the end of its design life in accordance with the Power Plant Contracts, the Operation and Maintenance Manuals and Standards, including, without limitation:

1. Labour and Personnel:

- a. Operator shall provide qualified and experienced personnel to operate and maintain the Power Plant and to perform the Services;
- b. if Owner determines that a particular individual appointed by Operator to perform the Services is not conducting himself, herself or itself in accordance with this Agreement and Owner notifies Operator of such conduct, upon receipt of such notice, Operator shall promptly investigate the matter and take appropriate action, including removing the applicable person from the performance of the Services and replacing the applicable person with a similarly qualified individual, or taking other appropriate disciplinary action to prevent a recurrence; and
- c. Operator shall perform all human resources and general administration functions necessary to conduct the Power Business.

2. Accounting and Administrative Services.

3. Electricity Marketing and Sales.

4. Operations:

- a. Operator shall provide continuous monitoring of all control displays related to the Power Plant located in the gas plant control room and taking corrective actions as are consistent with the Standard, including as required by the EPS manual or as recommended by the designers and manufacturers of the Power Plant and key equipment; and
- b. Operator shall perform twice per 12 hour shift walkthroughs of the Power Plant engine bays and routine testing of all machinery.

5. Defects Liability Management:

- a. Operator shall use all reasonable endeavors to identify all defects in the Power Plant and, subject to approval by Owner and clause b below, repair or arrange for suitable third parties to repair such defects; and
- b. promptly upon becoming aware of the same (but in any case within 10 days), notify Owner of any defect in the Power Plant which is or may be required to be

rectified by the Equipment Suppliers and assist Owner in making any claim under warranties given by the Equipment Suppliers or otherwise and relating to any part of the Power Plant found to be defective.

6. Maintenance:

- a. snow removal;
- b. site upkeep;
- c. landscaping maintenance and vegetation control;
- d. drainage ditch maintenance;
- e. day to day routine cleaning and general maintenance;
- f. road and walkway maintenance;
- g. rubbish and non-Hazardous Substances handling, use, storage, removal and disposal;
- h. Hazardous Substances handling, use, storage, removal and disposal;
- i. maintenance of site signage;
- j. managing the inventory of the Supplies and spare parts;
- k. parking lot maintenance and painting;
- l. scheduling outages, inspections and reports to maintain the operating permit for the Power Plant;
- m. controlling the various processes in the Power Plant to realize short and long term targets and goals including occupational health and safety, environmental compliance and cost control;
- n. overseeing continual operational improvement through education, training and evaluation;
- o. spare part maintenance;
- p. other general maintenance tasks as required;
- q. annual routine long-term maintenance; planned outages; and
- r. other routine major maintenance.

7. Management:

- a. obtain and maintain, as applicable, all Consents and renewals thereof, including preparing and submitting all associated applications and filings;

- b. assist Owner in obtaining and maintaining all insurance which is prudent for the conduct of the Power Business;
 - c. assist in preparation of financial statements;
 - d. assist Owner in preparing and filing all tax returns for the Power Business in such jurisdictions where such filing is necessary or desirable;
 - e. optimize Power Plant operations in accordance with directions from Owner;
 - f. prepare environmental reports and perform environmental compliance;
 - g. design and maintain emergency response plans and procedures; and
 - h. generally provide such other services as may be required by Owner for the administration of the Power Business.
8. Monitoring and recording exhaust emissions in accordance with Applicable Law and the requirements of any Consents.
 9. Performing routine calibration and testing of the safe and proper function of emergency devices and equipment pertaining to the Power Plant.
 10. Providing the Power Plant with access to the emergency generator system located at the gas plant owned by the Operator, and conducting maintenance of such emergency generator system.
 11. Establishing operations, maintenance, inventory, emergency and contingency planning procedures.
 12. In the event that, in the reasonable opinion of Operator based on the information known to Operator at that time, there exists an emergency condition affecting the Power Plant or the operations thereof in any material manner, as soon as practical after becoming aware of the same,
 - (i) reporting such condition to Owner, and
 - (ii) taking such action as Operator reasonably believes may be necessary to safeguard life, property or the environment or to prevent or minimize damage to, and any interruption in the operation of the Power Plant.
 13. Conducting emissions and hazardous waste tests required under Applicable Law and reporting to Owner in respect of same.
 14. Start-up and shutdown of the Power Plant, including start, stop and load control, in accordance with specified start times and ramp rates.
 15. Routine daily operation, dispatch of generation (including in accordance with the Electricity Purchase Agreement) real-time monitoring and continuous monitoring of all

equipment used in connection with the Power Plant, as is appropriate for the particular class of equipment.

16. Response in a timely manner to all dispatch instructions.
17. Providing the Power Plant with access to internet services, including communication systems for metering purposes and for the Alberta Electric System Operator, and conducting maintenance of such services.
18. Such other services as Owner requires in the course of its business and are agreed to between the parties from time to time.

Compensation:

1. As compensation for providing the Services, Owner shall pay to Operator, on the terms and conditions set out in the Agreement and as amended by Owner and Operator from time to time, \$300,000 per annum in 12 equal monthly payments on the last Business Day of each month (the "Fee").

SCHEDULE "B"
SUPPLIES & COMPENSATION

Supplies:

1. Such other supplies, equipment and goods as required in the course of Owner's business from time to time.

Compensation:

1. As compensation for providing the Supplies, Owner shall pay to Operator, on the terms and conditions set out in the Agreement and as amended by Owner and Operator from time to time, the actual cost to Operator of such Supplies provided by it to Owner from time to time.

SCHEDULE "6.1"
INSURANCE

During the Term, Operator shall maintain insurance meeting the specifications set forth in this Schedule 6.1 (which may be included in a policy provided by an affiliate of Operator designed to cover multiple entities):

- (i) workers compensation insurance in accordance with statutory and/or provincial requirements including employers' liability insurance in an amount of not less than \$1,000,000 each employee, accident and disease and all other insurances required by Applicable Law for the performance of the Services under this Agreement;
- (ii) commercial general liability insurance on an "occurrence" basis in an amount of not less than \$1,000,000 per occurrence and \$2,000,000 in the annual aggregate including coverage for bodily injury, property damage, products/completed operations, personal injury, contractual liability and liability for sudden and accidental pollution condition or event. A separate Pollution Liability policy is acceptable;
- (iii) commercial automobile liability insurance with a combined single limit of not less than \$1,000,000 each accident including coverage for all owned, hired, non-owned and leased automobiles used by Operator in the performance of the Services;
- (iv) commercial umbrella/excess liability insurance on an "occurrence" basis in an amount of not less than \$10,000,000 per occurrence and \$10,000,000 in the annual aggregate including as underlying coverages those policies required in (i) employers liability only, (ii) and (iii) above on a follow form basis.

All Operator's insurances shall, to the extent permitted by Applicable Law, incorporate at a minimum the following terms and conditions:

- (i) with the exception of worker's compensation and employer's liability insurances, Owner and its employees, consultants, contractors and subcontractors (and such other persons or entities as Owner may require) shall be named as additional insured (unless the other party is a named insured thereunder) (the "**Additional Insured**");
- (ii) termination or modification of any material terms of insurance shall be subject to at least thirty (30) days' prior written notice (except ten (10) days for nonpayment of premium) to be given by Operator to each of Owner and Operator;
- (iii) a waiver of subrogation by the insurance companies in favour of any additional insured party for losses or claims arising out of the performance of this Agreement provided that the additional insured has not committed any deliberate fraud (the "**Waiver of Subrogation**"); and
- (iv) a severability of interest clause (with no exclusions for cross-liability), as if the insurance was issued to each of the insured in their own right, except for the limit of liability; and

- (v) all policies required under (i)-(iv) above shall be considered primary and non-contributory with any additional insured's policies.

GAS PURCHASE AGREEMENT

BETWEEN

MFC PROCESSING PARTNERSHIP

AND

MFC POWER LIMITED PARTNERSHIP

December 7, 2015

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GAS PURCHASE AGREEMENT

THIS AGREEMENT dated for reference the 7th day of December, 2015.

BETWEEN:

MFC PROCESSING PARTNERSHIP, a limited partnership organized under the laws of Alberta with an office at Suite 400 – 1035 7th Avenue SW, Calgary, Alberta, T2P 3E9

("MFCPP")

AND:

MFC POWER LIMITED PARTNERSHIP, a limited partnership organized under the laws of the Province of British Columbia having an office at Suite 400 – 1035 7th Avenue SW, Calgary, Alberta, T2P 3E9;

("MFC Power LP")

WHEREAS:

- A. MFCPP is the owner of certain gas processing operations and assets located in High River, Alberta (the "**Gas Plant**");
- B. MFC Power LP is the owner of a 16.5 mega-watt natural gas-fired power plant located in High River, Alberta (the "**Power Plant**");
- C. MFCPP has agreed to supply gas to MFC Power LP for utilization in its power production facilities and MFC Power LP has agreed to purchase such gas from MFCPP, all on the terms and conditions set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual premises, covenants and agreements set forth herein, the parties agree as follows:

PART 1 - INTERPRETATION

1.1 Definitions

In this Agreement (including the Recitals and Schedules hereto), except as otherwise expressly provided or as the context otherwise requires:

- (a) "**Act**" means the *Electric Utilities Act* (Alberta);
- (b) "**AESO**" means the "independent system operator", as defined by the Act and currently operating as and under the registered trade name "Alberta Electric System Operator", and its successors;
- (c) "**AIES**" has the meaning given to the term "interconnected electric system" in the Act;
- (d) "**Applicable Law**" means, in relation to any Person, asset, transaction or event, all applicable provisions, whether now or hereafter in effect, of laws, statutes, rules, regulations, official directives and orders of all federal, provincial, municipal and local governmental bodies (whether administrative, legislative, executive or otherwise) and judgments, orders and decrees of all courts, arbitrators, commissions or bodies exercising similar functions in actions or proceedings in which the Person in question is a party or by which it is bound or having application to the asset, transaction or event in question;
- (e) "**Auxiliary Gas**" means any auxiliary gas utilized at the Power Facility and supplied to MFC Power LP by any Person other than MFCPP;
- (f) "**Business Day**" means a day that is not a Saturday, Sunday or statutory holiday in Alberta;
- (g) "**Claiming Party**" has the meaning ascribed thereto at Section 4.1 hereof;
- (h) "**COD**" means the commercial operation date, being August 31, 2015;
- (i) "**Commencement Date**" means December 7, 2015;
- (j) "**Electricity Purchase Agreement**" means the electricity purchase agreement between MFCPP and MFC Power LP, dated of even date herewith, as amended, restated or replaced from time to time;
- (k) "**Encumbrance**" means a security interest, mortgage, pledge, hypothecation, lien, claim or other title defect, encumbrance or charge whatsoever, whether or not registered or registrable;

- (l) **"Event of Default"** has the meaning assigned in Section 6.1.
- (m) **"Force Majeure"** means an event, condition, occurrence or circumstance which causes the delay or disruption of either Party to perform under this Agreement and which is beyond the reasonable control of the Party seeking to claim such event, condition, occurrence or circumstance as a Force Majeure event. Force Majeure shall include but not be limited to the following: (i) acts of God, landslides, lightning, earthquakes, fires or storms; (ii) in the case of the Power Plant, the AES is in a state of System Emergency; (iii) in the case of the Power Plant, any other event or circumstance by reason of which the operation of the ISO or the Power Pool is affected such that electric energy cannot be physically received by MFCPP at the Site or the Power Pool is prevented from settling the transactions under this Agreement; (iv) actions or threatened actions of First Nations; (v) strikes, lockouts or other industrial disturbances; (vi) riots, sabotage, insurrections or wars; (vii) actions of governmental authorities such as those requiring compliance with any court order, administrative order, fine, penalty, enforcement order, directive, law, statute, ordinance or regulation promulgated by a governmental authority; (viii) the generation and/or delivery of Gas from the Gas Plant is disrupted by any event, condition, occurrence or circumstance which qualifies as an event of Force Majeure pursuant hereto; (ix) the receipt of Gas from the Power Plant is disrupted by any event, condition, occurrence or circumstance which qualifies as an event of Force Majeure pursuant hereto; provided always that Force Majeure does not include: (x) a lack of financial resources or available funds or similar financial predicament; or (xi) an event, condition, occurrence or circumstance to the extent due to or resulting from a negligent act or omission, breach of contract, violation of Applicable Law, or similar wrongful act or omission on the part of the Party seeking to claim such event as a Force Majeure;
- (n) **"Gas"** means gas suitable to fuel the Power Assets as the parties may agree upon, from time to time, that meet the Gas Specifications;
- (o) **"Gas Commitment"** means the daily volume of Gas to be delivered to MFC Power LP by MFCPP in accordance with MFC Power LP's nominations pursuant to Sections 2.1, 2.2, 2.3 and 2.4 hereof;
- (p) **"Gas Lands"** means the land located in the southeast quarter of Section 35, Township 19, Range 28, west of the Fourth Meridian in High River, Alberta, excluding the Power Site, as more particularly identified on Schedule C hereof;
- (q) **"Gas Price"** means the AECO Spot Price 5A, less the transit fee;
- (r) **"Gas Specifications"** means the uncombined Gas specifications set out in Schedule A hereto;
- (s) **"GJ"** means gigajoule;

- (t) **"ISO Rules"** means the rules of the AESO made under section 20 of the Act;
- (u) **"MDQ"** has the meaning ascribed thereto at Section 2.3 hereof;
- (v) **"Meter"** means the electrical meter that shall be utilized to measure energy production from the Power Assets;
- (w) **"Metered Energy"** means energy produced by the Power Assets resulting from the combustion of Gas supplied by MFCPP, as measured at the Meter;
- (x) **"Metering Facilities"** means meter FE2853, to be used for the purposes of measuring volumes of Gas generated at the Gas Plant and to be delivered to the Transfer Point;
- (y) **"Nomination Time"** means 0730 hours MST on the day the Gas is to be delivered to the Transfer Point;
- (z) **"Notice Period"** has the meaning ascribed thereto at Section 5.2 hereof;
- (aa) **"Parties"** means MFCPP and MFC Power LP, and **"Party"** means any one of them as the context requires;
- (bb) **"Person"** includes an individual, corporation, partnership, joint venture, association, trust or unincorporated organization or any trustee, executor, administrator or other legal representative, or government official or ministry;
- (cc) **"Power Assets"** means MFC Power LP's power generation assets situate or to be located on the Power Site including, or that will include, without limitation, its power boiler, cooling tower, turbine, generator and related and ancillary assets necessary for the generation and transmission of electrical energy;
- (dd) **"Power Facility"** means the Power Site and the Power Assets;
- (ee) **"Power Pool"** has the meaning given to the term "power pool" in the Act;
- (ff) **"Power Site"** means the land the Power Assets are situate, as more particularly identified on Schedule C hereof;
- (gg) **"Relevant Percentage"** has the meaning ascribed thereto in Section 2.10(f) hereof;
- (hh) **"Scheduled Outages"** means scheduled shutdowns of all or a portion of the Power Assets, from time to time, to effect maintenance and/or repair;
- (ii) **"Seller Quantity"** has the meaning ascribed thereto in Section 2.4(a) hereof;

- (jj) **"System Emergency"** has the meaning given to "system emergency" in the ISO Rules;
- (kk) **"Term"** has the meaning set out in Section 5.1 hereof;
- (ll) **"Termination Date"** means the date on which this Agreement is terminated pursuant to Part 5;
- (mm) **"Third-Party Arrangements"** has the meaning ascribed thereto at Section 5.2 hereof;
- (nn) **"Transfer Point"** means the point at which Gas passes from the Gas Plant to the Power Site as designated in Schedule B hereto;
- (oo) **"year"** means, when calculating years in the Term, in the case of the first year of the Term, that period of time beginning on the Commencement Date and ending at 11:59 p.m. on that day which is a full twelve (12) consecutive months thereafter, and each subsequent year of the Term will be calculated and determined in the same manner. Unless the contrary intention is specified in this Agreement, each year in this Agreement will be calculated in the manner described in the foregoing sentence.

1.2 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or as the context otherwise requires:

- (a) this Agreement means this agreement, as amended from time to time, including the recitals and schedules hereto, as supplemented or amended from time to time;
- (b) the headings and captions are for convenience only and do not form part of this Agreement and will not be used to interpret, define or limit the scope, extent or intent of this Agreement or any of its provisions;
- (c) the word including, when following a general term or statement, is not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as permitting it to refer to all other items or matters that could reasonably fall within its broadest possible scope;
- (d) all references to currency mean Canadian currency;
- (e) all references to a statute include every regulation made pursuant thereto, all amendments to the statute or to any such regulation in force from time to time,

and any statute or regulation that supplements or supersedes such statute or any such regulation;

- (f) a reference to a time or date is to the local time or date at Calgary, Alberta;
- (g) if the time for making any payment or taking any action specified herein falls on a day other than a Business Day, the time for so paying or acting shall be extended to the next Business Day;
- (h) a reference to a Part means a Part of this Agreement and a reference to a Section followed by a number or some combination of numbers refers to the provision of this Agreement so designated and a reference to a Subsection followed by a number or some combination of numbers and a letter within a provision refers to a subsection within such provision;
- (i) a word importing the masculine gender includes the feminine or neuter and vice versa, a word importing the singular includes the plural and vice versa;
- (j) a reference to a particular corporation includes the corporation derived from the amalgamation of the particular corporation, or of a corporation to which such reference is extended by this Subsection 1.2(j), with one or more corporations; and
- (k) if this Agreement or any portion hereof is in effect for less than all of a year or month, other than as expressly provided herein, the rights and obligations of the respective parties will be modified in proportion to that proportion of the year or month that this Agreement or portion hereof is in effect.

1.3 Schedules

The following schedules to this Agreement are an integral part of this Agreement:

Schedule A – Gas Specifications.
Schedule B – Transfer Point.
Schedule C – Map of Power Site and Gas Lands

PART 2 - GAS COMMITMENT AND PAYMENT PROVISIONS

2.1 Gas Commitment

Subject to and in accordance with the terms and conditions of this Agreement, MFCPP will sell to MFC Power LP and MFC Power LP will purchase and take from MFCPP Gas in an amount nominated by MFC Power LP, in accordance with Section 2.4 hereof, free and clear of all Encumbrances and third party rights. MFC Power LP shall, upon purchase thereof, utilize such Gas at its Power Facility to generate Metered Energy and for related purposes.

2.2 Supply and Services

For each day that Gas is required by MFC Power LP, MFC Power LP will nominate and purchase all or a portion of the MFC Power LP's requirements for that day from MFCPP in accordance with the terms of Section 2.3 and 2.4(a) and the other provisions of this Agreement.

2.3 Maximum Daily Quantity

- (a) Subject to subsection 2.3(b), for any day, the aggregate quantity of Gas deliverable by MFCPP at the Transfer Point shall not exceed the maximum daily quantity of 4500sm³/hr of Gas (the "**MDQ**"). In the event that the aggregate of all nominations received by MFCPP from MFC Power LP for any day exceed the MDQ, then MFCPP will reduce the quantity to be supplied by MFCPP under Section 2.4(b) to the extent required in order for the aggregate nominated quantity to equal the MDQ.
- (b) If, for any day, MFC Power LP determines that it requires an additional quantity of Gas for such day, then MFC Power LP may nominate for such additional quantity from MFCPP and MFCPP will use commercially reasonable efforts to obtain and deliver such additional quantity. The price payable by MFC Power LP for any such additional quantities shall be the Gas Price plus MFCPP's actual out of pocket costs to acquire and deliver such additional quantities to the Transfer Point. For greater certainty, nothing herein shall be construed to obligate MFCPP to divert Gas from other sources or uses in order to comply with its obligations under this subsection.

2.4 Supply

- (a) **Nominations:** For each day that MFC Power LP requires a supply of Gas from MFCPP, then and by not later than the Nomination Time, MFCPP must receive MFC Power LP's nomination specifying (1) the required quantity (subject to Subsection 2.3(b), not exceeding the MDQ) ("**Seller Quantity**"), and (2) the day or days for which such nomination will remain in effect.
- (b) **Sale and Delivery:** Subject to Section 2.3, MFCPP shall sell and deliver, on a firm basis, the Seller Quantity to the Transfer Point and Purchaser shall purchase and receive, on a firm basis, the Seller Quantity at the Transfer Point.
- (c) **Sales Price for Seller Quantities:** For each day that MFCPP sells and delivers Gas to Purchaser under this Section 2.4, MFC Power LP shall pay to MFCPP the Gas Price (in effect for such day) for each GJ of gas delivered to and received at the Transfer Point as determined pursuant to this Section 2.4, subject to the payment obligations for excess Gas in Section 2.3(b).

2.5 Gas Price and Payment

MFC Power LP will pay the Gas Price to MFCPP for all Gas sold to MFC Power LP by MFCPP hereunder as follows:

- (a) By no later than the 15th day of the following month, MFCPP shall invoice MFC Power LP for all Gas delivered in the last calendar month. Invoices shall be in a form satisfactory to MFC Power LP and be of sufficient detail to provide MFC Power LP all reasonable information necessary to confirm their accuracy. Payment of each invoice shall be made by cheque, EFT or wire transfer payable to MFCPP within fifteen (15) days after receipt of invoice, unless otherwise provided for in this Agreement. Payments due to MFCPP that are not made within fifteen (15) days of receipt of the invoice shall include interest equal to one percent (1%) per month.
- (b) MFC Power LP shall have the right to withhold from payment any invoice or portion thereof which MFC Power LP, in its good faith, disputes. In the event MFC Power LP elects to exercise its rights under this section, MFC Power LP shall notify MFCPP as soon as possible of such election but not later than the due date of the payment, notify MFCPP of its intent to withhold payment and detail the amount and basis of any dispute. Thereafter, MFCPP and MFC Power LP shall engage in good faith negotiations in an effort to resolve the dispute. In the event MFCPP and MFC Power LP are unable to reach an agreement within sixty (60) days, the dispute shall be resolved in accordance with Article 7 of this Agreement. MFC Power LP shall also be entitled to offset amounts due and payable by MFCPP to MFC Power LP hereunder against amounts payable by MFC Power LP to MFCPP under this Section 2.5.

2.6 Gas Specifications

The Gas supplied by MFCPP to MFC Power LP will comply in all material respects with the Gas Specifications. Any Gas not in compliance with the Gas Specifications is deemed to be non-conforming Gas. MFC Power LP reserves the right to reject non-conforming Gas in accordance with the terms of this Agreement. In the event MFC Power LP determines the Gas to be non-conforming, MFC Power LP, in its sole discretion, may: (i) accept the Gas whereupon MFC Power LP is entitled to an adjustment to the Gas Price; or (ii) reject the non-conforming Gas whereupon MFCPP shall deliver conforming Gas within two (2) days. In the event that MFCPP fails to provide conforming Gas within two (2) working days of the notice of rejection, in addition to the remedies set forth in Section 6.2, MFC Power LP may, but shall not be required to purchase an equivalent amount of Auxiliary Gas from another supplier.

2.7 Rate of Delivery

So far as is reasonably practicable, MFCPP will make Gas available for delivery to MFC Power LP, and MFC Power LP will accept delivery of Gas, on a regular and even basis throughout each year, provided that MFCPP will increase or decrease deliveries as required to allow MFC Power

LP to accommodate Scheduled Outages. MFCPP acknowledges that MFC Power LP will be exchanging electricity through the Power Pool, and in connection therewith, MFCPP will, using commercially reasonable efforts, cooperate in increasing or decreasing deliveries of Gas to MFC Power LP as required to allow MFC Power LP to comply with its obligations to the AESO.

2.8 Transportation

MFCPP will be responsible for transporting Gas from the Gas Plant, or such other locations from which Gas is sourced or produced, to the Transfer Point. All such deliveries of Gas by MFCPP to MFC Power LP shall be performed in a commercially reasonable manner in accordance with all Applicable Laws and shall be coordinated with MFC Power LP to ensure MFC Power LP has the personnel and facilities available to accommodate such deliveries and that such deliveries do not interfere with the operation of the Power Assets.

2.9 Measurement of Gas Volumes

MFCPP will calculate the volume of Gas supplied to MFC Power LP by metering all Gas at the Metering Facilities. MFCPP will report on or before noon on the sixth day of every month the total volume of all deliveries from the Gas Plant to a Transfer Point, up to and including the immediately-preceding Sunday.

2.10 Quality Testing and Measurement

- (a) MFCPP shall operate the Metering Facilities and shall measure the volumes of Gas delivered to such Metering Facilities.
- (b) The volume and associated heating value of all Gas reported at the Transfer Points shall be measured and determined by MFCPP, using the Metering Facilities. The heating value of the Gas measured shall be based on the most recent gas sample analysis performed by MFCPP.
- (c) MFCPP shall sample Gas at the point of measurement every six (6) month period or at such intervals as MFCPP may require acting reasonably, depending upon the magnitude of the compositional variances. The cost of sampling and analysis shall be borne by MFC Power LP.
- (d) MFC Power LP shall have the right to have a representative present at the time that samples of Gas are taken. MFCPP shall provide MFC Power LP with forty-eight (48) hours' prior notice of the sampling. Should MFC Power LP not have a representative present, the results of the sampling shall nevertheless be considered accurate until the next test.

- (e) The accuracy of the Metering Facilities shall be verified by MFCPP at a minimum frequency as specified in all applicable law, regulations or regulatory requirements pertaining thereto or a minimum of once per year or as agreed to by the Parties. The cost of such verification shall be borne by MFC Power LP. The Metering Facilities shall be open for inspection by MFC Power LP at all reasonable times. In the event of an inspection, MFC Power LP will provide MFCPP with at least forty-eight (48) hours' prior notice.
- (f) Should any question arise as to the accuracy of measurement, the Metering Facilities shall be tested upon demand of either Party and, if found to be correct or to be in error of not more than two percent (2%) with respect to Gas measurement (referred to herein as the "**Relevant Percentage**"), the expense of such testing shall be borne by the Party requesting the test. If the accuracy of the measurement is found to be incorrect by more than the Relevant Percentage, the expense of such testing shall be borne by MFC Power LP.
- (g) If, upon any test, the Metering Facilities are found to be in error of not more than the Relevant Percentage, previous readings of such Metering Facilities shall be deemed correct in computing the volumes being metered; provided however, such Metering Facilities shall be adjusted as soon as practicable to record accurately. If, upon any test, the Metering Facilities are found to be in error by any amount exceeding the Relevant Percentage, then any previous readings of the Metering Facilities shall be corrected to zero error for any previous period which is known definitely or agreed upon by the parties, but in the event the period is not known definitely or agreed upon by the parties, such correction shall be for a period covering half of the time period lapsed since the date of the last test.
- (h) In the event the Metering Facilities are out of service or require repair, such that the volume being measured is not correctly indicated by the reading thereof, the volumes attributable to the period shall be estimated and agreed upon by the parties on the basis of the best data available by using the most appropriate of the following methods:
 - (i) by using the registration of any check metering facilities, if installed and accurately registering; or
 - (ii) by correcting the error if the percentage of error is ascertainable by calibrations, tests or mathematical calculations; or
 - (iii) by estimating on the basis of actual volumes measured during the preceding period under similar conditions when the Metering Facilities were registering accurately.

- (i) The unit of measurement of Gas for all purposes hereunder shall be one thousand cubic meters (1000m^3) measured to an accuracy of one (1) decimal place at an absolute pressure of one hundred one point three two five kilopascals (101.325 kPa) at a temperature of fifteen degrees Celsius (15°C).
- (j) Volumes of Gas measured by vortex shedding meters shall be computed in accordance with the methods prescribed in the publication entitled "Measurement of Fuel Gas by Turbine Meters, American Gas Association, Transportation Measurement Committee Report No.7" including the Appendix thereto as published in 1981, and any subsequent revisions thereto.
- (k) For the purposes of measurement and meter calibration, the atmospheric pressure at the point of measurement hereunder shall be assumed to be ninety-three decimal zero seven nine kilopascals (93.079kPa) irrespective of the actual elevation or location of any of the metering facilities above sea level or variations in the atmospheric pressure from time to time.

2.11 Prompt Inspection

MFC Power LP shall have the right to have a representative present at the time that samples of Gas are taken for the purposes of quality testing and measurement. Such testing will be done in accordance with standard industry testing procedures and Section 2.10. MFCPP will have the right to attend at, observe and otherwise participate in any such inspection and/or testing procedures. If any inspection or testing indicates that Gas being delivered to MFC Power LP at the Transfer Points, as the case may be, does not meet the Gas Specifications in all material respects, MFC Power LP may request an independent analysis of Gas from the Gas Plant, and MFCPP will take corrective steps to ensure that future deliveries meet such requirements. MFCPP shall provide MFC Power LP or its employees, contractors, agents or other representatives with access to the Gas Plant for the purpose of the inspection, subject to the safety policies of the Gas Plant.

2.12 MFC Power LP Reporting Obligations

MFCPP will cooperate with, and assist, MFC Power LP in preparing and providing all reports and plans required of MFC Power LP in connection with this Agreement and the supply and consumption of Gas hereunder or as reasonably required in connection with the operation of the Power Plant, including, without limitation, all annual gas reports and other reports.

PART 3 - TITLE AND RISK

3.1 Title to Gas

Title to and risk of loss with respect to Gas sold and delivered hereunder by MFCPP will pass to MFC Power LP at such time as such Gas is delivered to the Power Site at the isolation valve located outside the Power Plant (the "Isolation Valve"). For clarity, MFCPP shall have responsibility for and assume liability with respect to such Gas prior to delivery to MFC Power

LP at the Isolation Valve and MFC Power LP shall have responsibility for and assume liability with respect to such Gas after its delivery to MFC Power LP at the Isolation Valve.

3.2 Warranty to Title

MFCPP warrants that it has all rights necessary to transfer title to the Gas to MFC Power LP by having all right, title and interest in and to the Gas.

PART 4 - FORCE MAJEURE AND CURTAILMENT

4.1 Performance Excluded

If a Party is unable to perform all or part of its obligations hereunder (other than obligations to make payment) due to Force Majeure and such Party notifies the other Party as soon as practicable of the Force Majeure and the extent to which the Force Majeure is expected to impact such Party's performance, then the failure of the Party claiming Force Majeure (the "**Claiming Party**") to perform is excused to the extent and for the duration of the Force Majeure and the obligations of the Claiming Party shall be suspended to the extent and for the duration of the Force Majeure. The Claiming Party shall use commercially reasonable efforts to terminate or avoid the Force Majeure and resume performing its obligations following the conclusion of the Force Majeure period. However, the terms of settlement of any strike, lockout or other industrial disturbance shall be wholly at the discretion of such Party, and that Party shall not be required to accede to the demands of its opponents in any strike, lockout or industrial disturbance solely to remedy promptly the Force Majeure thereby constituted. In addition, an event shall not constitute a Force Majeure excusing MFCPP of its obligation to deliver Gas hereunder if it retains the ability to source Gas from third parties, including ATCO, to meet its Gas delivery obligations hereunder. If a condition of Force Majeure prevails for more than 6 months MFC Power LP may terminate this Agreement.

4.2 Co-Operation

During each period of shutdown or curtailment under Section 4.1, MFC Power LP will assist and co-operate with MFCPP to minimize the detrimental effects of such shutdown or curtailment except that MFC Power LP will not be required to incur any cost in respect thereof.

4.3 No Cumulative Obligation

Where, as a result of a shutdown or curtailment pursuant to Section 4.1, MFC Power LP reduces or discontinues its purchases, MFC Power LP will not be obliged, upon resuming its purchases, to purchase any additional volumes to make up for such discontinuance or curtailment of purchases.

4.4 Alternative Disposition

If MFC Power LP gives notice under Section 4.1 to discontinue or curtail the purchase of Gas, MFCPP may dispose of such Gas during or after such discontinuance or curtailment as it sees fit.

PART 5 - CONTRACT PERIOD

5.1 Term

The Term of this Agreement will begin on the Commencement Date and expire on the day that is 10 years following the COD with automatic one year renewals at MFC Power LP's option (the "Term").

5.2 Termination

This Agreement may be terminated by MFC Power LP at any time during the Term (the "**Termination Date**"), provided written notice of termination is provided to MFCPP at least 6 months prior to the Termination Date. This Agreement may be terminated by MFCPP only if the Gas Plant is permanently shut down or decommissioned, and written notice of termination is provided to MFC Power LP at least 6 months prior to the Termination Date (the "**Notice Period**"). In the event that the MFCPP terminates the Agreement, MFCPP shall, if so required by MFC Power LP, continue to supply Gas to MFC Power LP during the term of the Notice Period, assist MFC Power LP in making new arrangements (the "**Third-Party Arrangements**") for MFC Power LP to purchase Gas from a third party, which shall include, but is not limited to, cooperating with MFC Power LP with respect to the installation of any necessary infrastructure for the transmission of Gas and providing MFC Power LP with the necessary access to the Gas Lands in connection with such installations. MFCPP hereby agrees to pay all reasonable and documented costs which MFC Power LP may incur in connection with the Third-Party Arrangements.

5.3 Cross-Termination with Electricity Purchase Agreement

Notwithstanding anything to the contrary in this Agreement, if the Electricity Purchase Agreement is terminated in accordance with its terms for any reason whatsoever (other than by the expiration of its term), then MFC Power LP may terminate this Agreement on the effective date of such termination of the Electricity Purchase Agreement by providing prior written notice to MFCPP of such termination.

PART 6 - DEFAULT

6.1 Event of Default

An Event of Default will exist with respect to a Party if such Party has committed a material default in the performance of its obligations hereunder or a material breach of its representations and warranties (for the purposes of this Section 6.1, the failure by a Party to make two successive payments required under this Agreement, other than a failure arising from a bona fide dispute over the requirement to make such payment, will be deemed to be a material default), notice has

been given to such Party by the other Party specifying the default and such default remains unremedied, and:

- (a) in respect of a failure to make two successive payments required under this Agreement, more than 30 days have elapsed since the date that the notice is delivered to such party;
- (b) in any other case, more than 60 days have elapsed since the expiration of such period following the giving of such notice during which such Party might by the exercise of reasonable diligence have remedied the default; or
- (c) in the case of a default that could not, by the exercise of reasonable diligence, be remedied within the period described in Subsection 6.1(b), the earlier of:
 - (i) the day on which the Party fails or refuses to act diligently to remedy the default; and
 - (ii) the day on which it becomes evident to the other Party, acting reasonably, that such default will not be remedied in a reasonably timely manner regardless of the actions taken by such Party.

6.2 Remedies upon Event of Default

- (a) Upon the occurrence and continuation of an Event of Default, the non-defaulting Party shall have the right to terminate this Agreement and/or exercise all other remedies available at law and in equity.
- (b) Without limiting any other provision of this Agreement, in the event MFCPP fails to deliver Gas for any reason, in addition to any rights otherwise available to MFC Power LP hereunder, MFC Power LP shall have the right to procure Auxiliary Gas and collect cover damages from MFCPP in an amount equal to the positive difference between the Gas Price and the price paid for Auxiliary Gas, including any and all transportation costs, plus any and all fees, expenses and penalties incurred by MFC Power LP in the procurement and use of such Auxiliary Gas. MFCPP shall assist and cooperate with MFC Power LP in the procurement of Auxiliary Gas, including the provision of necessary infrastructure for the transmission of the Auxiliary Gas, upon the request by MFC Power LP in the event that MFCPP fails to deliver Gas for any reason.

6.3 Indemnities

- (a) MFCPP agrees to indemnify and save harmless MFC Power LP, its parents, affiliates, subsidiaries, officers, directors, employees and representative from any and all claims, demands, losses (including reasonable attorney's fees at the trial and appellate level) arising out of or resulting from any negligence of MFCPP or breach by MFCPP of Applicable Law.

- (b) MFC Power LP, to the extent permitted by law, agrees to indemnify and save harmless MFCPP, its parents, affiliates, subsidiaries, officers, directors, and employees from any and all claims, demands, losses (including reasonable attorney's fees at the trial and appellate level) arising out of or resulting from any negligence of MFC Power LP or breach by MFC Power LP of Applicable Law.

PART 7 - DISPUTE RESOLUTION

7.1 Referral to Senior Management

If the Parties fail to agree on any matters referred to in this Agreement, either MFC Power LP or MFCPP may by notice to the other refer the dispute to the senior management of MFC Power LP and MFCPP or such other Persons as they may designate who will make their best efforts to determine a commercially fair and equitable solution to that dispute. A decision reached by such Persons and communicated by them in writing to the Parties hereto will be binding on all Parties to the dispute and will be implemented.

7.2 Arbitration

If no decision with respect to a matter, issue or dispute is so communicated by such senior management of MFC Power LP and MFCPP or such designates within 30 days after notice pursuant to Section 7.1 has been given, the matter in dispute shall be referred to a single arbitrator under the *Arbitration Act* then in effect in Alberta whose decision thereon will be final, binding and conclusive.

7.3 Place of Arbitration

All arbitration proceedings will be conducted in Calgary, Alberta.

7.4 Decision Binding

A decision of an arbitrator under this Agreement, including any decision as to costs, will be final and binding on the parties but will not be a precedent in any subsequent arbitration.

7.5 Survival

This Part 7 will survive any termination of this Agreement and will continue to be binding upon the parties, their successors and permitted assigns and be enforceable against them.

PART 8 - GENERAL PROVISIONS

8.1 Severability

Each provision of this Agreement is intended to be severable and, accordingly:

- (a) the unenforceability or invalidity of any particular provision under any applicable law will not affect the validity of any other provision, except that if, on the reasonable construction of this Agreement as a whole, the other provision is expressly stated, or is by reasonable implication intended by the parties, to be dependent on the validity and enforceability of the particular provision, the other provision will be deemed also to be invalid or unenforceable;
- (b) if any provision of this Agreement is invalid or unenforceable, the balance of this Agreement will be construed and enforced as if all invalid or unenforceable provisions and all provisions so deemed to be invalid or unenforceable were not contained herein; and
- (c) if, as a result of a determination by a court of competent jurisdiction that any part of this Agreement is unenforceable or invalid, and of any application of this Section 8.1, the basic intentions of the parties, as evidenced by this Agreement, are entirely frustrated, the parties will use all reasonable efforts to amend, supplement or otherwise vary this Agreement in order that it more closely conforms with their mutual intentions in entering into this Agreement.

8.2 Amendment

No amendment, waiver, termination or variation of the terms, conditions, warranties, covenants, agreements and undertakings set out herein will be of any force or effect unless the same is reduced to writing duly executed by all parties hereto.

8.3 Waiver

No waiver of any of the provisions of this Agreement will constitute waiver of any other provision (whether or not similar) and no waiver will constitute a continuing waiver unless otherwise expressly provided.

8.4 Governing Law and Attornment to Jurisdiction

This Agreement shall be constructed, interpreted and enforced in accordance with, and the respective rights and obligations of the Parties shall be governed by, the laws of the Province of Alberta and the federal laws of Canada applicable therein, and each Party hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

8.5 Mutual Cooperation

The Parties hereto acknowledge that circumstances may arise from time to time which cause or impose hardships or difficulties not foreseen by the Parties at the date of this Agreement. The

Parties agree to use all commercially reasonable efforts to resolve any hardships or difficulties arising from such unforeseeable circumstances in the spirit of mutual goodwill and cooperation.

8.6 Consequential Damages

Any liability of either Party to the other for breach of this Agreement or for negligence of its directors, officers, employees, agents and contractors will not extend to or include liability for loss of profits or contribution, loss of use of property or other consequential damages, provided that nothing herein shall prevent MFC Power LP from claiming such damages against MFCPP in the event that MFCPP breaches its obligations to deliver Gas under Section 2 and Section 6.2(b) hereof.

8.7 Maintenance of Records

Each Party will maintain detailed records of all measurements and tests made by it by reference to which, pursuant to this Agreement, the performance of an obligation by either Party is measured or the extent of an obligation that either party is to perform is calculated and will make such records available to the other Party for inspection at all reasonable times.

8.8 Entire Agreement

This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters.

8.9 No Other Representations

No director, officer, employee or agent of either Party has any authority to make any representation, warranty or covenant not contained in this Agreement, and each Party agrees that it has executed this Agreement without reliance upon any such representation, warranty or covenant.

8.10 Excise Tax Act Election

MFCPP and MFC Power LP shall jointly execute in the prescribed form, and shall file within the prescribed time, an election under Section 156 of the *Excise Tax Act* (Canada) that the provision of the Gas hereunder be deemed to be supplied for nil consideration for the purposes of the *Excise Tax Act* (Canada).

8.11 MFCPP Excise Tax Act Registration

MFCPP is registered for the purposes of Part IX of the ETA and has been assigned registration number 77614 0300 RT0001.

8.12 MFC Power LP Excise Tax Act Registration

MFC Power LP is registered for the purposes of Part IX of the ETA and has been assigned registration number 80681 1568 RT0001.

8.13 Assignment

In the event that the Power Plant is sold, then in connection with such sale, MFC Power LP may assign all of its right, benefit or interest in this Agreement to the purchaser under such transaction without consent of MFCPP, such consent not to be unreasonably withheld. MFC Power LP may assign any of its right, benefit or interest in this Agreement to its affiliates without the consent of MFCPP. MFC Power LP may not assign any right, benefit or interest in this Agreement, other than to its Affiliates, without the consent of MFCPP, except as specifically provided herein. In the event that the Gas Plant is sold, then in connection with such sale, MFCPP may assign all of its right, benefit or interest in this Agreement without consent of MFC Power LP, such consent not to be unreasonably withheld. MFCPP may not directly or indirectly sell or otherwise transfer all or substantially all of the assets comprising the Gas Plant, unless the acquirer thereof assumes all of the rights, benefits and obligations of MFCPP under this Agreement. MFCPP may not assign any right, benefit or interest in this Agreement without the written consent of MFC Power LP, except as specifically provided herein.

8.14 Binding Effect

This Agreement will enure to the benefit of and be binding upon the respective legal representatives, successors and permitted assigns of the parties.

8.15 Time of Essence

Time is of the essence in the performance of each obligation under this Agreement.

8.16 Further Assurances

Each Party will, at its own expense and without expense to the other, execute and deliver such further agreements and other documents and do such further acts and things as the other reasonably requests to evidence, carry out and give full force and effect to the intent of this Agreement.

8.17 Notice

Every notice, request, demand or direction (each, for the purposes of this Section 8.17, a "notice") will be delivered or sent by facsimile, or other similar form of written communication, in each case, addressed as applicable as follows:

If to MFC Processing Partnership at:

Suite 400 – 1035 7th Avenue SW

Calgary, Alberta
T2P 3E9
Facsimile: 403-652-1369
Attention: President of General Partner

If to MFC Power Limited Partnership at:

Suite 400 -1035 7th Avenue SW
Calgary Alberta
T2P 3E9
Facsimile: 403-652-1369
Attention: President of General Partner

or to such other address as is specified by the particular party by notice to the other.

8.18 Deemed Receipt

Any notice delivered or sent in accordance with Section 8.17 will be deemed to have been given and received:

- (a) if delivered, on the first Business Day after the day of delivery; and
- (b) if sent by facsimile or other similar form of written communication, on the first Business Day after the day of transmittal.

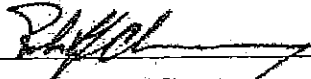
8.19 Counterparts and Electronic Execution

This Agreement may be executed in any number of counterparts by one or more parties hereto and such counterparts, each of which when so executed and delivered, shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument. An executed counterpart of this Agreement may be delivered by facsimile transfer or similar form of electronic communication from one party to the other provided that an original executed counterpart is promptly delivered to such receiving party.

[Signature page follows.]

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

MFC PROCESSING PARTNERSHIP, by its General Partner, MPP Ltd.

By: 

Name: Robert Chenery

Title: Director and Executive Chairman

MFC POWER LIMITED
PARTNERSHIP, by its general partner,
MFC POWER GENERAL PARTNER
LTD.

By: _____

Name: _____

Title: _____

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

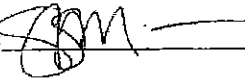
MFC PROCESSING PARTNERSHIP

By: _____

Name: _____

Title: _____

**MFC POWER LIMITED
PARTNERSHIP**, by its general partner,
**MFC POWER GENERAL PARTNER
LTD.**

By:  _____

Name: Samuel S. Morrow

Title: Director

SCHEDULE A

GAS SPECIFICATIONS

Gas shall be delivered to the Transfer Point in accordance with the following specifications:

- 1) delivered at a volume between 0-4500 sm³/hour;
- 2) delivered at a delivery pressure of 450 kPag;
- 3) shall not contain sand, dust, gums, crude oil, compressor lubricating oils, condensates, impurities and other substances that may be injurious to pipelines or which may interfere with its transmission through its pipelines or its commercial utilization;
- 4) shall not have a hydrocarbon dew point in excess of -10°C at an absolute pressure of 5,500 kPa;
- 5) shall not contain more than six milligrams per cubic metre (6 mg/m³) of hydrogen sulphide (H₂S);
- 6) shall not contain more than five milligrams per cubic metre (5 mg/m³) of methyl mercaptan sulphur;
- 7) shall not contain more than twenty-three milligrams per cubic metre (23 mg/m³) of total sulphur;
- 8) shall not contain more than two percent (2%) by volume of carbon dioxide at 5,500 kPa;
- 9) shall not contain more than sixty-four milligrams per cubic metre (64 mg/m³) of water vapour; and; Refer to attached figures SP1031 (a) and (b) and excel spreadsheet titled AP Water Vapour Calc.xls when assessing water vapour content.
- 10) shall not exceed fifty degrees (50°C) in temperature;
- 11) shall have a Gross Heating Value of not less than thirty-six megajoules per cubic metre (36.0 MJ/ m³); and
- 12) shall be as free of oxygen as can be achieved through exercise of all reasonable precautions, and shall not in any event contain more than four-tenth's percent (0.4 %) by volume of oxygen.

SCHEDULE B

TRANSFER POINT

Gas will pass from the Gas Plant to the Power Site at the following Transfer Point:

- The isolation valve located outside the Power Plant.

SCHEDULE C

MAP OF POWER SITE AND GAS LANDS

(See attached)



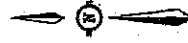
MFC RESOURCE PARTNERSHIP

MFC Mazzeppa Plant Site
 Facility Plan showing
 Area 'A' (Power Plant Site)
 Area 'B' (Future Expansion Site)

In
 S.E. 1/4 Section 35,
 Township 19, Range 28, W. 4th Meridian
 Municipal District of Foothills No. 31

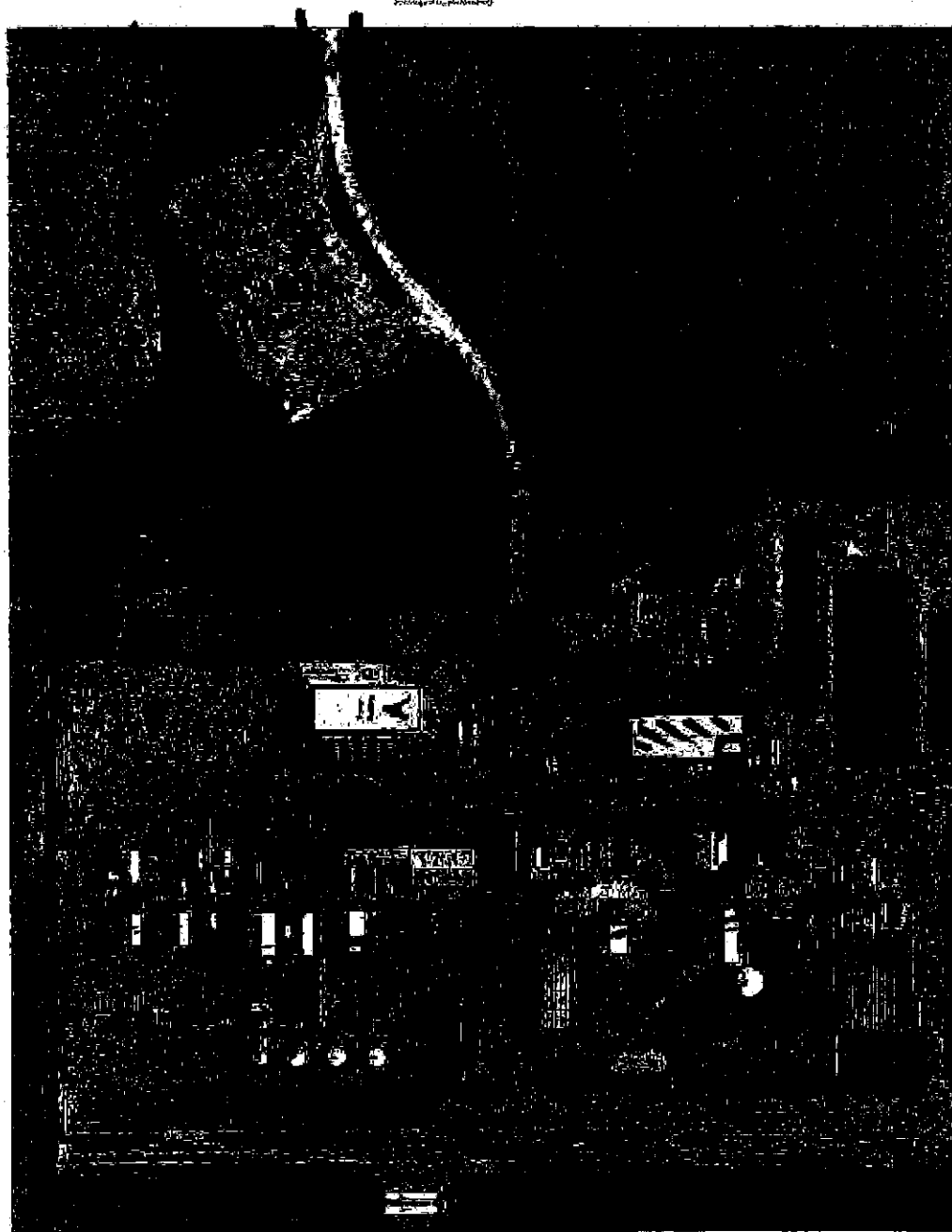
Alberta
 Scale 1:1000

PRELIMINARY



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Drawn by: P. J. Macdonald



Drawn by: P. J. Macdonald

PLAN No. _____
 ENTERED AND REGISTERED
 ON _____
 INSTRUMENT No. _____
 A.L.S. Registrar
 Land Titles Office

Notes:
 1. Area affected by this plan is shown bounded blue.
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Coordinate value for reference point is R 3 014 806.5, E 3 014 372.2

Legend

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Surveyor: Arthur M. Miller, A.L.S.
 Surveyed on the date of November 25th, 2015
 in accordance with the provisions of the Surveys Act.

MFC RESOURCE PARTNERSHIP

Plan Showing Survey of
 Cable Right - of - Way
 within
 S.E. 1/4 Section 35,
 Township 19, Range 28, W. 4th Meridian
 Municipal District of Foothills No. 31
 Alberta



		Revision		Survey/Date	Ed./No.	Drawn
		Issued		24/Nov/2018	01b	MAC
Drawing File: 304FC006 - 0 DWG3						
Asset Survey's Ltd.						

ELECTRICITY PURCHASE AGREEMENT

BETWEEN

MFC PROCESSING PARTNERSHIP

AND

MFC POWER LIMITED PARTNERSHIP

December 7, 2015

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ELECTRICITY PURCHASE AGREEMENT

THIS AGREEMENT dated for reference the 7th day of December, 2015.

BETWEEN:

MFC PROCESSING PARTNERSHIP, a limited partnership organized under the laws of Alberta with an office at Suite 400 – 1035 7th Avenue SW, Calgary, Alberta, T2P 3E9

("MFCPP")

AND:

MFC POWER LIMITED PARTNERSHIP, a limited partnership organized under the laws of the Province of British Columbia having an office at Suite 400 – 1035 7th Avenue SW, Calgary, Alberta, T2P 3E9;

("MFC Power LP")

WHEREAS:

- A. MFCPP is the owner of certain gas processing operations and assets located in High River, Alberta (the "**Gas Plant**");
- B. MFC Power LP is the owner of a 16.5 mega-watt natural gas-fired power plant located in High River, Alberta (the "**Power Plant**");
- C. MFC Power LP has agreed to supply electricity to MFCPP for utilization in its gas processing facilities at the Gas Plant and MFCPP has agreed to purchase such electricity supply from MFC Power LP, all on the terms and conditions set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual premises, covenants and agreements set forth herein, the parties agree as follows:

PART 1 - INTERPRETATION

1.1 Definitions

In this Agreement (including the Recitals and Schedules hereto), except as otherwise expressly provided or as the context otherwise requires:

- (a) "**Act**" means the *Electric Utilities Act* (Alberta);
- (b) "**AESO**" means the "independent system operator", as defined by the Act and currently operating as and under the registered trade name "Alberta Electric System Operator", and its successors;
- (c) "**AIES**" has the meaning given to the term "interconnected electric system" in the Act;
- (d) "**Applicable Law**" means, in relation to any Person, asset, transaction or event, all applicable provisions, whether now or hereafter in effect, of laws, statutes, rules, regulations, official directives and orders of all federal, provincial, municipal and local governmental bodies (whether administrative, legislative, executive or otherwise) and judgments, orders and decrees of all courts, arbitrators, commissions or bodies exercising similar functions in actions or proceedings in which the Person in question is a party or by which it is bound or having application to the asset, transaction or event in question, and shall also include all rules, policies, procedures and guidelines of the AESO or the Market Surveillance Administrator, as defined in the Act, the breach of which could reasonably be expected to lead to an investigation or sanction;
- (e) "**Business Day**" means a day that is not a Saturday, Sunday or statutory holiday in Alberta;
- (f) "**Claiming Party**" has the meaning ascribed thereto at Section 2.10 hereof;
- (g) "**COD**" means the commercial operation date of the Power Plant, being August 31, 2015;
- (h) "**Commencement Date**" means December 7, 2015;
- (i) "**Direct Sale**" means the sale of Electricity by MFC Power LP to MFCPP effected under Section 2.1;
- (j) "**Direct Sales Agreement**" shall have the meaning set forth in the ISO Rules;
- (k) "**Electricity**" means the electric energy generated by the Power Plant, available for delivery at the Transfer Point, but for certainty excludes any electric energy

not available for delivery at the Transfer Point as a consequence of Force Majeure, Power Plant Scheduled Outages and Forced Outages;

- (l) **"Electricity Commitment"** means between 0 - 4 MWh of Electricity as specified within such range by MFC Power LP in accordance with Section 2.1 hereof;
- (m) **"Electricity Price"** means the AESO Pool Price for each particular hour, based on the Electricity supplied to MFCPP as metered pursuant to Section 2.5 plus \$25 per MWh;
- (n) **"Encumbrance"** means a security interest, mortgage, pledge, hypothecation, lien, claim or other title defect, encumbrance or charge whatsoever, whether or not registered or registrable;
- (o) **"Event of Default"** has the meaning assigned in Section 6.1.
- (p) **"Force Majeure"** means an event, condition, occurrence or circumstance which causes the delay or disruption of either Party to perform under this Agreement and which is beyond the reasonable control of the Party seeking to claim such event, condition, occurrence or circumstance as a Force Majeure event. Force Majeure shall include but not be limited to the following: (i) acts of God, landslides, lightning, earthquakes, fires or storms; (ii) the AIES is in a state of System Emergency; (iii) any other event or circumstance by reason of which the operation of the ISO or the Power Pool is affected such that electric energy cannot be physically received by MFCPP at the Site or the Power Pool is prevented from settling the transactions under this Agreement; (iv) actions or threatened actions of First Nations; (v) strikes, lockouts or other industrial disturbances; (vi) riots, sabotage, insurrections or wars; (vii) actions of governmental authorities such as those requiring compliance with any court order, administrative order, fine, penalty, enforcement order, directive, law, statute, ordinance or regulation promulgated by a governmental authority; (viii) the generation and/or delivery of Electricity from the Power Plant is disrupted by any event, condition, occurrence or circumstance which qualifies as an event of Force Majeure pursuant hereto; (ix) the receipt of Electricity from the Power Plant is disrupted by any event, condition, occurrence or circumstance which qualifies as an event of Force Majeure pursuant hereto; provided always that Force Majeure does not include: (x) a lack of financial resources or available funds or similar financial predicament; or (xi) an event, condition, occurrence or circumstance to the extent due to or resulting from a negligent act or omission, breach of contract, violation of Applicable Law, or similar wrongful act or omission on the part of the Party seeking to claim such event as a Force Majeure;
- (q) **"Forced Outage"** means: (i) an unplanned interruption of the capability of the Power Plant or any turbine comprising the Power Plant for all or any portion of a Settlement Interval to generate or deliver Electricity to the Transfer Point as the result of a malfunction of the turbines or other equipment within the Power Plant

or other unplanned component failure or reduction in component reliability, a response to an emergency at the Power Plant or to prevent an imminent emergency at the Power Plant or compliance with any Applicable Law; or (ii) the inability of the Power Plant to generate Electricity during any Settlement Interval as the result of the breach by MFCPP of its obligations to supply gas to MFC Power LP under the gas purchase agreement between MFCPP and MFC Power LP, dated of even date herewith;

- (r) **"Gas Assets"** means MFCPP's gas processing assets situate on the Gas Site including, or that will include, without limitation, its gas processing plant and related and ancillary assets necessary for the processing of sour gas;
- (s) **"Gas Facility"** means the Gas Site and the Gas Assets;
- (t) **"Gas Plant Scheduled Outages"** means scheduled shutdowns of all or a portion of the Gas Assets, from time to time, to effect maintenance and/or repair;
- (u) **"Gas Purchase Agreement"** means the gas purchase agreement between MFCPP and MFC Power LP, dated of even date herewith;
- (v) **"Gas Site"** means the land located in the southeast quarter of Section 35, Township 19, Range 28, west of the Fourth Meridian in High River, Alberta, as more particularly identified on Schedule B hereof;
- (w) **"ISO Rules"** means the rules of the AESO made under section 20 of the Act;
- (x) **"Lease"** means the lease agreement entered between MFCPP, MPP Ltd. and MFC Power LP, dated of even date herewith;
- (y) **"MFC Power LP Deficiency Amount"** has the meaning ascribed thereto at Section 2.10 hereof;
- (z) **"MFC Power LP Net Settlement Instruction Scheduling Deficiency"** has the meaning ascribed thereto at Section 2.10 hereof;
- (aa) **"MFC Power LP Net Settlement Instruction Scheduling Deficiency Amount"** has the meaning ascribed thereto at Section 2.10 hereof;
- (bb) **"MFCPP Deficiency Amount"** has the meaning ascribed thereto at Section 2.10 hereof;
- (cc) **"MFCPP Net Settlement Instruction Scheduling Deficiency"** has the meaning ascribed thereto at Section 2.10 hereof;
- (dd) **"MFCPP Net Settlement Instruction Scheduling Deficiency Amount"** has the meaning ascribed thereto at Section 2.10 hereof;

- (ee) **"MW"** means megawatt;
- (ff) **"MWh"** means megawatt hour;
- (gg) **"Net Settlement Instruction"** has the meaning attributed to "net settlement instruction" in the ISO Rules;
- (hh) **"Net Settlement Instruction Default"** has the meaning ascribed thereto at Section 2.10 hereof;
- (ii) **"Net Settlement Instruction Required Electricity"** has the meaning ascribed thereto at Section 2.10 hereof;
- (jj) **"Net Settlement Instruction Scheduled Electricity"** has the meaning ascribed thereto at Section 2.10 hereof;
- (kk) **"Parties"** means MFC Power LP and MFCPP, and **"Party"** means any one of them as the context requires.
- (ll) **"Permitted De-Registration Event"** has the meaning assigned in Section 2.8;
- (mm) **"Person"** includes an individual, corporation, partnership, joint venture, association, trust or unincorporated organization or any trustee, executor, administrator or other legal representative, or government official or ministry;
- (nn) **"Pool Asset"** has the meaning given to the term "pool asset" in the ISO Rules;
- (oo) **"Pool ID"** has the meaning given to the term "pool ID" in the ISO Rules;
- (pp) **"Pool Price"** has the meaning given to the term "pool price" in the ISO Rules;
- (qq) **"Pool Statement"** means a final "pool statement" as defined by, and issued in accordance with, the ISO Rules;
- (rr) **"Power Pool"** has the meaning given to the term "power pool" in the Act;
- (ss) **"Power Plant Scheduled Outages"** means scheduled shutdowns of all or a portion of the Power Plant, from time to time, to effect maintenance and/or repair;
- (tt) **"Registered Net Settlement Instruction"** means a Net Settlement Instruction registered with the AESO in respect of a Direct Sale as contemplated hereby;
- (uu) **"Settlement Interval"** has the meaning given to "settlement interval" in the ISO Rules;

- (vv) "Site" means the Pool Asset possessing Pool ID MFG1;
- (ww) "System Emergency" has the meaning given to "system emergency" in the ISO Rules;
- (xx) "Term" has the meaning set out in Section 5.1 hereof, being the period of time during which MFC Power LP will sell and MFCPP will purchase Electricity;
- (yy) "Termination Date" means the date on which this Agreement is terminated pursuant to Part 5;
- (zz) "Transfer Point" means the point at which Electricity passes from the Power Plant to the Gas Site as designated in Schedule A hereto;
- (aaa) "Weekly Schedule" has the meaning ascribed thereto at Section 2.5(i); and
- (bbb) "year" means, when calculating years in the Term, in the case of the first year of the Term, that period of time beginning on the Commencement Date and ending at 11:59 p.m. on that day which is a full twelve (12) consecutive months thereafter, and each subsequent year of the Term will be calculated and determined in the same manner. Unless the contrary intention is specified in this Agreement, each year in this Agreement will be calculated in the manner described in the foregoing sentence.

1.2 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or as the context otherwise requires:

- (a) this Agreement means this agreement, as amended from time to time, including the recitals and schedules hereto, as supplemented or amended from time to time;
- (b) the headings and captions are for convenience only and do not form part of this Agreement and will not be used to interpret, define or limit the scope, extent or intent of this Agreement or any of its provisions;
- (c) the word "including", when following a general term or statement, is not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as permitting it to refer to all other items or matters that could reasonably fall within its broadest possible scope;
- (d) all references to currency mean Canadian currency;

- (e) all references to a statute include every regulation made pursuant thereto, all amendments to the statute or to any such regulation in force from time to time, and any statute or regulation that supplements or supersedes such statute or any such regulation;
- (f) a reference to a time or date is to the local time or date at Calgary, Alberta;
- (g) if the time for making any payment or taking any action specified herein falls on a day other than a Business Day, the time for so paying or acting shall be extended to the next Business Day;
- (h) a reference to a Part means a Part of this Agreement and a reference to a Section followed by a number or some combination of numbers refers to the provision of this Agreement so designated and a reference to a Subsection followed by a number or some combination of numbers and a letter within a provision refers to a subsection within such provision;
- (i) a word importing the masculine gender includes the feminine or neuter and vice versa, a word importing the singular includes the plural and vice versa;
- (j) a reference to a particular corporation includes the corporation derived from the amalgamation of the particular corporation, or of a corporation to which such reference is extended by this Subsection 1.2(j), with one or more corporations; and
- (k) if this Agreement or any portion hereof is in effect for less than all of a year or month, other than as expressly provided herein, the rights and obligations of the respective parties will be modified in proportion to that proportion of the year or month that this Agreement or portion hereof is in effect.

1.3 Schedule

The following schedule to this Agreement is an integral part of this Agreement:

Schedule A – Transfer Point.

Schedule B – Map of Gas Site

PART 2 - ELECTRICITY COMMITMENT AND PAYMENT PROVISIONS

2.1 Purchase and Sale

Subject to and in accordance with the terms and conditions of this Agreement, and in accordance with the ISO Rules and other Applicable Laws, commencing as of the COD and continuing throughout the remainder of the Term, MFC Power LP will sell and deliver to MFCPP at the Transfer Point, and MFCPP will purchase and take from MFC Power LP at the Transfer Point, Electricity, free and clear of all Encumbrances and third party rights. MFCPP shall, upon

purchase and receipt thereof, only utilize such Electricity at its Gas Facility to operate its Gas Assets and related purposes, and shall not sell such Electricity to a third-party.

2.2 Payment

- (a) By no later than the 15th day of the following month, MFC Power LP shall invoice MFCPP for all the payment obligations incurred by MFCPP or MFC Power LP as the case may be, during the preceding calendar month. Invoices shall be in a form satisfactory to MFCPP and be of sufficient detail to provide MFCPP all reasonable information necessary to confirm their accuracy. Payment of each invoice shall be made by cheque, EFT or wire transfer payable to the applicable Party within thirty (30) days after receipt of invoice, unless otherwise provided for in this Agreement. Payments due to the applicable Party that are not made within thirty (30) days of receipt of the invoice shall include interest equal to one percent (1%) per month.
- (b) A Party shall have the right to withhold from payment any invoice or portion thereof which such Party, in its good faith, disputes. In the event a Party elects to exercise its rights under this section, such Party shall notify the other Party as soon as possible of such election but not later than the due date of the payment, notify the other Party of its intent to withhold payment and detail the amount and basis of any dispute. Thereafter, the Parties shall engage in good faith negotiations in an effort to resolve the dispute. In the event MFC Power LP and MFCPP are unable to reach an agreement within ninety (90) days, the dispute shall be resolved in accordance with Article 7 of this Agreement. A Party shall also be entitled to offset amounts due and payable by the other Party to it hereunder against amounts payable by it to the other Party under this Section 2.2.
- (c) If any overcharge or undercharge in any form whatsoever shall at any time be found and the statement therefor has been paid, the Party that has been paid the overcharge shall refund the amount of the overcharge paid or the Party that has been undercharged shall pay the amount of the undercharge, in either case within thirty (30) days after final determination thereof; provided, however, no claim for retroactive adjustment shall be made for any overcharge or undercharge beyond a period of twenty-four (24) months from the date of the statement on which such overcharge or undercharge was first included unless arising from an adjustment or change to any calculations that affect any amount payable hereunder where such adjustment or change is made pursuant to the ISO Rules. The Parties expressly agree, as is permitted under the Limitations Act (Alberta), to extend the two (2) year time period under paragraph 3(1)(a) thereof, to a period of three (3) years in respect of all matters under this Agreement.

2.3 No Gas Supply

If MFCPP is in breach of its obligations to supply gas to MFC Power LP under the gas purchase agreement between MFCPP and MFC Power LP, dated of even date herewith (the "Gas

Purchase Agreement"), MFC Power LP will not be obligated to supply Electricity to MFCPP pursuant to this Agreement for the period of time during which MFCPP fails to supply gas to MFC Power LP in accordance with the Gas Purchase Agreement.

2.4 Delivery

MFC Power LP will be responsible for delivering Electricity from the Power Plant, or such other locations from which Electricity is produced, to the Transfer Point.

2.5 Measurement of Electricity

MFC Power LP will calculate the Electricity supplied to MFCPP by metering all Electricity at the MV room located in the Power Plant. MFC Power LP will:

- (i) report on each Thursday by 12:00 MDT, a schedule of the expected deliveries of Electricity in each hour of each day for the next succeeding week commencing at 00:00 MDT on Friday ("**Weekly Schedule**"), and
- (ii) on each day by 12:00 MDT, MFC Power LP shall deliver to MFCPP a schedule of the expected deliveries of Electricity for the next succeeding 24 hour period commencing at 00:00 MDT,

provided that such schedules are provided for planning purposes only and do not constitute a guarantee by MFC Power LP that Electricity shall be delivered in accordance with the schedules and do not limit the amount of Electricity MFC Power LP may deliver during the periods covered by the schedules. MFC Power LP shall deliver a revised schedule to MFCPP promptly after becoming aware of any expected material change in a filed Electricity schedule.

2.6 MFCPP Reporting Obligations

MFC Power LP will cooperate with, and assist, MFCPP, on a commercially reasonable basis and at MFCPP's cost, in preparing and providing all reports and plans required of MFCPP, in connection with this Agreement and the supply and consumption of Electricity hereunder or as reasonably required in connection with the operation of the Gas Facility.

2.7 Net Settlement Instruction Registration

- (a) The parties acknowledge and agree that this Agreement constitutes a Direct Sales Agreement under the ISO Rules, and that the sale, purchase and exchange of Electricity under this Agreement shall be facilitated and effectuated through the Power Pool in accordance with the Net Settlement Instruction requirements of the ISO Rules for the Electricity, and that they shall at all times throughout the Term comply with the requirements and conditions of this Agreement and the ISO Rules for registering and acknowledging such Net Settlement Instructions to effect the sale, purchase and exchange of the Electricity under this Agreement for each applicable Settlement Interval.

- (b) Specifically, throughout the Term: (i) MFC Power LP shall be responsible for submitting all Net Settlement Instruction data with respect to Electricity for each applicable Settlement Interval as and when required by the ISO Rules, (ii) MFCPP shall be responsible for acknowledging all such Net Settlement Instructions for the purposes of receipt of Electricity for each applicable Settlement Interval as and when required by the ISO Rules, and (iii) MFC Power LP and MFCPP shall be respectively responsible for submitting and acknowledging all such Net Settlement Instructions in accordance with the protocols established by the ISO Rules.
- (c) Without limitation to the foregoing, MFC Power LP will, in sufficient time to have the Net Settlement Instructions registered before the COD, submit a Net Settlement Instruction in respect of the Direct Sale as contemplated by the ISO Rules.
- (d) Each Net Settlement Instructions submitted in accordance herewith will set out that:
 - (i) MFC Power LP is the seller;
 - (ii) the Power Plant is the source asset;
 - (iii) MFCPP is the purchaser;
 - (iv) the Site is the sink asset;
 - (v) the agreed upon MWh volume of the Net Settlement Instruction;
 - (vi) the beginning date and first Settlement Interval of the Net Settlement Instruction will commence on the Commencement Date; and
 - (vii) the end date and last Settlement Interval of the Net Settlement Instruction will be the last Settlement Interval of the Term.

2.8 De-registration of Registered Net Settlement Instruction

Except pursuant to (a) Force Majeure which is subject to Article 4, (b) any Forced Outage or Power Plant Scheduled Outage, (c) upon termination or expiration of this Agreement, or (d) for the duration of any relief from its obligation to supply Electricity in accordance with Section 2.3 (each and collectively a "**Permitted De-Registration Event**") each of MFC Power LP and MFCPP shall not at any time throughout the Term, except with the prior written consent of the other party, submit any notice or take any other action or proceeding to cancel, amend or de-register any Net Settlement Instruction made or required to be made under this Agreement for any Settlement Interval, or cause or permit to be done any act or thing that could result in the cancellation, amendment or de-registration of any Net Settlement Instruction made or required to be made under this Agreement for any Settlement Interval, including whether (i) initiated by

MFC Power LP or MFCPP, (ii) resulting in any compulsory de registration of any such Net Settlement Instruction by MFC Power LP or MFCPP under the ISO Rules, or (iii) resulting in an AESO-initiated de-registration of any Net Settlement Instruction under the ISO Rules.

2.9 Re-registration

- (a) Without limitation to the foregoing and subject to Section 2.10(c), if a Registered Net Settlement Instruction registered against the Power Plant and a sink asset has been or is to be de-registered for any reason, other than as a consequence of a Permitted De Registration Event, the Parties shall do all acts and things necessary to effect the re-registration of the Registered Net Settlement Instruction as required by this Agreement.
- (b) Following any such re-registration, MFCPP will acknowledge same before the time required by the ISO Rules.

2.10 Unexcused Failure to Deliver or Receive Electricity

The Parties acknowledge and agree that the scheduling, exchange and settlement of all Electricity hereunder will be in accordance with this Part 2, and accordingly:

- (a) If MFCPP complies with its obligations pursuant to Sections 2.7, 2.8 and 2.9 and properly acknowledges Net Settlement Instructions for the Electricity (such that, for certainty, there is no Net Settlement Instruction Default by MFCPP and the provisions of Section 2.10(c) are therefore not applicable) but nonetheless fails to accept delivery of the Electricity delivered at the Transfer Point by MFC Power LP (a "**MFCPP Deficiency Amount**") as provided herein for any reason other than a Permitted De-Registration Event, then MFCPP shall nonetheless pay MFC Power LP for the full amount of the Electricity (including the MFCPP Deficiency Amount) as purchased Electricity at the Electricity Price as and when required by this Agreement, and MFCPP shall be solely and exclusively responsible to recover from the AESO the "energy charge" determined in accordance with the ISO Rules in respect of any such MFCPP Deficiency Amount pursuant to Section 2.11(c).

- (b) Notwithstanding Sections 2.11(b) and 2.11(c), in the event that MFC Power LP complies with its obligations pursuant to Sections 2.7, 2.8 and 2.9 and properly submits Net Settlement Instructions for the Electricity (such that, for certainty, there is no Net Settlement Instruction Default by MFC Power LP and the provisions of Section 2.10(c) are therefore not applicable) but nonetheless fails to deliver all of the Electricity at the Transfer Point (a "**MFC Power LP Deficiency Amount**") for any reason other than due to a Permitted De-Registration Event, then MFC Power LP shall pay to MFCPP, as liquidated damages, an amount equal to the positive difference, if any, between (A) the Pool Price plus any applicable transmission service charges for each applicable Settlement Interval, less (B) the Electricity Price for each such applicable Settlement Interval, multiplied by the MFC Power LP Deficiency Amount. For certainty, MFC Power LP shall have no liability whatsoever to MFCPP for any MFC Power LP Deficiency Amount for any Settlement Interval where the Pool Price for such Settlement Interval is less than the Electricity Price for such Settlement Interval.

For further certainty: (i) the foregoing provisions of this Section 2.10(b) are premised on the understanding that the Net Settlement Instruction requirements for scheduling all of the Electricity pursuant to Section 2.7 means that the "energy production" (as defined in the ISO Rules) from the Power Plant for any Settlement Interval in MWh will be equal to the purchased Electricity, and therefore MFC Power LP's obligations to pay liquidated damages under this Section 2.10(b) will be without duplication to MFC Power LP's responsibilities, if any, to pay to the AESO any "energy payment" determined in accordance with the ISO Rules in respect of any MFC Power LP Deficiency Amount; such that (ii) in the event that MFC Power LP is obligated to pay to the AESO any "energy payment" pursuant to the ISO Rules in respect of any MFC Power LP Deficiency Amount, then MFCPP shall nonetheless pay MFC Power LP for the full amount of all of the Purchased Electricity (including the MFC Power LP Deficiency Amount) as Purchased Electricity at the Electricity Price as and when required by this Agreement, and MFC Power LP shall be solely and exclusively responsible to pay to the AESO any "energy payment" pursuant to the ISO Rules in respect of any such MFC Power LP Deficiency Amount, and MFC Power LP shall not be obligated to pay to MFCPP to pay liquidated damages under this Section 2.10(b) in respect of any such MFC Power LP Deficiency Amount.

- (c) If a Party fails to comply with its obligations under any of Sections 2.7, 2.8 and 2.9 (in any case, an "**Net Settlement Instruction Default**") such that the Electricity scheduled with the AESO pursuant to the Net Settlement Instruction is less than the Electricity that was required to be scheduled for submission by MFC Power LP to, or acceptance by MFCPP from, the AESO, pursuant to the Net Settlement Instruction, such Net Settlement Instruction Default shall not constitute an Event of Default with respect to such Party, provided that:

- (i) in the case of such Net Settlement Instruction Default by MFCPP, MFCPP shall pay to MFC Power LP, as liquidated damages, an amount equal to the positive difference, if any, between (A) (1) the Electricity Price for each applicable Settlement Interval, multiplied by the difference between the amount of Electricity that was subject to the Net Settlement Instruction submitted by MFC Power LP pursuant hereto (the "**Net Settlement Instruction Scheduled Electricity**") and the amount of Electricity that was properly acknowledged by MFCPP pursuant to the submitted Net Settlement Instruction (the "**MFCPP Net Settlement Instruction Scheduling Deficiency**"), plus (2) the amount of any payment or penalty that is due from MFC Power LP to the AESO or any Person as a result of such Net Settlement Instruction Default by MFCPP, less (B) the Pool Price plus any applicable transmission service charges for each applicable Settlement Interval, multiplied by the MFCPP Net Settlement Instruction Scheduling Deficiency (the "**MFCPP Net Settlement Instruction Scheduling Deficiency Amount**"). For certainty, except with respect to the amount of any payment or penalty that is due from MFC Power LP to the AESO or any Person as a result of such Net Settlement Instruction Default by MFCPP, MFCPP shall have no liability whatsoever to MFC Power LP for any MFCPP Net Settlement Instruction Scheduling Deficiency Amount for any Settlement Interval where the Electricity Price for such Settlement Interval is less than the Pool Price applicable to the Net Settlement Instruction Scheduled Electricity for such Settlement Interval;
- (ii) in the case of such Net Settlement Instruction Default by MFC Power LP, MFC Power LP shall pay to MFCPP, as liquidated damages, an amount equal to the positive difference, if any, between (A) (1) the Pool Price plus any applicable transmission service charges for each applicable Settlement Interval, multiplied by the difference between the amount of Electricity that was not subject to the Net Settlement Instruction required to be submitted by MFC Power LP pursuant hereto (the "**Net Settlement Instruction Required Electricity**") and the amount of Electricity that was properly subject to the Net Settlement Instruction required to be submitted by MFC Power LP pursuant to the submitted Net Settlement Instruction (the "**MFC Power LP Net Settlement Instruction Scheduling Deficiency**"), less (B) the Electricity Price for each applicable Settlement Interval, multiplied by the MFC Power LP Net Settlement Instruction Scheduling Deficiency (the "**MFC Power LP Net Settlement Instruction Scheduling Deficiency Amount**"). For certainty, MFC Power LP shall have no liability whatsoever to MFCPP for any MFC Power LP Net Settlement Instruction Scheduling Deficiency Amount for any Settlement Interval where the Pool Price for such Settlement Interval is less than the Electricity Price applicable to the Net Settlement Instruction Required Electricity for such Settlement Interval; and

- (iii) for these purposes, the Net Settlement Instruction Scheduled Electricity and the Net Settlement Instruction Required Electricity shall be determined having regard to the Pool Statement and by measurements of the Electricity generated by the Power Plant and delivered at the Transfer Point.
- (d) A Party's right to receive liquidated damages under this Section 2.10 shall be the sole and exclusive remedy of such Party as a result of any Net Settlement Instruction Default by the other Party or any failure to deliver or receive Electricity by the other Party, and no such default or failure shall constitute an Event of Default under this Agreement.
- (e) Where Section 182 of the Excise Tax Act applies to an amount of liquidated damages paid under this Section 2.10, the amount shall be grossed up by the rate of Goods and Services Tax applicable at the time of such payment.

2.11 Scheduling and Electricity Market Settlement

- (a) Each Party shall at all times throughout the Term be a Pool Participant under and in compliance with the ISO Rules for the scheduling, exchange and settlement of all purchased Electricity hereunder.
- (b) Scheduling of all Purchased Electricity during the Term shall be in accordance with the ISO Rules.
- (c) The Parties acknowledge and agree that (i) under ISO Rules applicable to Net Settlement Instructions, Electricity subject to Net Settlement Instructions is excluded from financial settlement with the ISO and, accordingly, all Purchased Electricity under this Agreement will be excluded from financial settlement with the ISO under the ISO Rules, (ii) in accordance with the Net Settlement Instruction requirements for scheduling of Electricity pursuant to Section 2.7, the "energy production" (as defined by the ISO Rules) from the Power Plant for any Settlement Interval in MWh will be equal to the Purchased Electricity; and (iii) if the "energy consumption" (as defined by the ISO Rules) by MFCPP from the Transfer Point for any Settlement Interval in MWh is less than the Purchased Electricity, then MFCPP will be deemed to have sold the MWh volume difference to the Power Pool and the ISO will pay MFCPP in respect of such MWh of Electricity received by it in any such Settlement Interval an amount equal to the "energy charge" determined in accordance with the ISO Rules, provided that MFCPP shall nonetheless remain responsible to pay MFC Power LP for the full amount of all the Purchased Electricity as Purchased Electricity at the Electricity Price.

2.12 Industrial Designation

- (a) For so long as the Parties are required, in accordance with Applicable Law and the ISO Rules, to effect Net Settlement Instructions for the Direct Sales contemplated hereby, the Parties will work cooperatively and in good faith to identify, apply for and obtain any exemptions pursuant to Section 2(1)(d) of the Act that exempt the application of the Act to the Direct Sales contemplated hereby.
- (b) Upon obtaining the exemption(s) in clause (a) above, the Parties will work cooperatively and in good faith to amend this Article 2 to reflect such exemption of the application of the Act to the Direct Sales contemplated hereby, and for clarity, the Electricity Price shall remain at the Pool Price.

2.13 Representations and Warranties

- (a) MFC Power LP hereby represents and warrants to MFCPP that the Power Plant is or will be at the time of the Commencement Date, a source asset (within the meaning of the ISO Rules) represented by an AESO identifier (to be separately confirmed in writing by MFC Power LP to MFCPP), and MFC Power LP is, or will be as at the time of the Commencement Date and thereafter throughout the Term, fully and duly registered with the AESO as a Pool Participant capable, among other things, of identifying Net Settlement Instructions with respect to the Purchased Electricity from the Power Plant hereunder, and MFC Power LP is not in default or non-compliance with any provision of the ISO Rules and is not subject to any action or remedy authorized under the ISO Rules for default or non-compliance with any provision of the ISO Rules; and
- (b) MFCPP hereby represents and warrants to MFC Power LP that MFCPP is, or will be as at the time of the Commencement Date and thereafter throughout the Term, fully and duly registered with the AESO as a Pool Participant capable, among other things, of identifying Net Settlement Instructions submitted by MFC Power LP with respect to the Purchased Electricity from the Power Plant hereunder, and MFCPP is not in default or non-compliance with any provision of the ISO Rules and is not subject to any action or remedy authorized under the ISO Rules for default or non-compliance with any provision of the ISO Rules.

PART 3 - TITLE AND RISK

3.1 Title to Electricity

Title to and risk of loss with respect to Electricity sold and delivered hereunder by MFC Power LP will pass to MFCPP at such time as such Electricity is delivered to the Gas Site at the Transfer Point. For clarity, MFC Power LP shall have responsibility for and assume liability with respect to such Electricity prior to delivery to MFCPP at the Transfer Point and MFCPP shall have responsibility for and assume liability with respect to such Electricity after its delivery to MFCPP at the Transfer Point.

3.2 Warranty to Title

MFC Power LP warrants that it has all rights necessary to transfer title to the Electricity to MFCPP by having all right, title and interest in and to the Electricity.

PART 4 - FORCE MAJEURE AND CURTAILMENT

4.1 Performance Excluded

If a party is unable to perform all or part of its obligations hereunder (other than obligations to make payment) due to Force Majeure and such party notifies the other party as soon as practicable of the Force Majeure and the extent to which the Force Majeure is expected to impact such party's performance, then the failure of the Claiming Party (as defined below) to perform is excused to the extent and for the duration of the Force Majeure and the obligations of the Claiming Party shall be suspended to the extent and for the duration of the Force Majeure. The Claiming Party shall use commercially reasonable efforts to terminate or avoid the Force Majeure and resume performing its obligations following the conclusion of the Force Majeure period. However, the terms of settlement of any strike, lockout or other industrial disturbance shall be wholly at the discretion of such party, and that party shall not be required to accede to the demands of its opponents in any strike, lockout or industrial disturbance solely to remedy promptly the Force Majeure thereby constituted. If a condition of Force Majeure prevails for more than 6 months MFC Power LP may terminate this Agreement.

4.2 Notification

The party claiming Force Majeure (the "**Claiming Party**") shall immediately notify the other Party and the AESO of: (a) the commencement of any Force Majeure period and the discontinuance (if any) of a Direct Sale pursuant hereto; and (b) the commencement or resumption of operation of a Direct Sale pursuant hereto following the conclusion of any Force Majeure period.

4.3 Co-Operation

During each period of shutdown or curtailment of the Gas Plant, MFCPP will assist and co-operate with MFC Power LP to minimize the detrimental effects of such shutdown or curtailment except that MFCPP will not be required to incur any cost in respect thereof.

4.4 No Cumulative Obligation

Where, as a result of a shutdown or curtailment pursuant to Section 4.1, any period of Forced Outage or any period of Power Plant Scheduled Outage or Gas Plant Scheduled Outage, MFCPP reduces or discontinues its purchases, MFCPP will not be obliged, upon resuming its purchases, to purchase any additional Electricity to make up for such discontinuance or curtailment of purchases.

4.5 Alternative Disposition

If MFCPP gives notice under Sections 4.1 and 4.2 to discontinue or curtail the purchase of Electricity, MFC Power LP may dispose of such Electricity during or after such discontinuance or curtailment as it sees fit.

4.6 Minimum Volume Credit

If MFC Power LP disposes of Electricity to any party other than MFCPP in accordance with Sections 4.5, the volume of Electricity so disposed of will be included in any determination of the Electricity Commitment as though sold and delivered to MFCPP at the time of such disposition and the Electricity Commitment values will be reduced, as to the minimum and maximum requirements, thereby.

4.7 Power Plant Scheduled Outages

MFC Power LP shall provide MFCPP not less than 15 days' prior notice of any Power Plant Scheduled Outage, or such shorter period to which MFCPP may consent, such consent not to be unreasonably withheld, delayed or conditioned, and such notice shall state the start date and hour and the end date and hour for the Power Plant Scheduled Outage. Notwithstanding the foregoing, at any time prior to 72 hours before the start of a Power Plant Scheduled Outage that will be more than 7 days long, MFC Power LP may change the proposed start time for the Power Plant Scheduled Outage by not more than 48 hours and at any time prior to 48 hours before the end of the Power Plant Scheduled Outage, MFC Power LP may change the proposed end time of the Power Plant Scheduled Outage on notice to, and without the consent of, MFCPP.

4.8 Power Disruption

In the event of a possible power disruption from the AIES due to System Emergency or other events that may affect the generation and supply of Electricity at the Power Plant, the Power Plant will be placed into "island mode" or "ready mode" for the duration of the power disruption to ensure stability of the supply of Electricity to the Gas Site.

4.9 Shut-Down

Where, as a result of a curtailment of Electricity or shutdown of the Power Plant, MFCPP purchases Electricity from the Power Pool or enters into a direct sale with another Person to make up for such curtailment or discontinuance of the supply of Electricity, subject to the other terms hereof, the charges for such purchases of additional Electricity shall be borne by MFCPP.

PART 5 - CONTRACT PERIOD

5.1 Term

The Term of this Agreement will begin on the Commencement Date and expire on the day that is 10 years following the COD with automatic one year renewals at MFC Power LP's option (the "Term").

5.2 Termination

This Agreement may be terminated by MFC Power LP at any time during the Term (the "Termination Date"), provided written notice of termination is provided to MFCPP at least 6 months prior to the Termination Date. MFC Power LP may also terminate this Agreement if the Gas Purchase Agreement is terminated, or an event of default occurs pursuant to the Gas Purchase Agreement or the Lease.

5.3 Settlement of Accounts

All accounts will be settled among the Parties effective as and from the time of termination including, if no Termination Date occurs prior to the expiry of the Term, the conclusion of the Term provided that all amounts owing will be determined on an accrual basis and if there are adjustments or changes to any calculations that affect any amount payable hereunder, whether under the ISO Rules or otherwise, then the Parties will upon those adjustments or changes being determined, make corresponding payments hereunder.

5.4 Cross-Termination with Gas Purchase Agreement

Notwithstanding anything to the contrary in this Agreement, if the Gas Purchase Agreement is terminated in accordance with its terms for any reason whatsoever (other than by the expiration of its term), then MFC Power LP may terminate this Agreement on the effective date of such termination of the Gas Purchase Agreement by providing prior written notice to MFCPP of such termination.

PART 6 - DEFAULT

6.1 Event of Default

An Event of Default will exist with respect to a party if such party has committed a material default in the performance of its obligations hereunder or a material breach of its representations and warranties (for the purposes of this Section 6.1, the failure by a party to make two successive payments required under this Agreement, other than a failure arising from a bona fide dispute over the requirement to make such payment, will be deemed to be a material default), notice has been given to such party by the other party specifying the default and such default remains unremedied, and:

- (a) in respect of a failure to make two successive payments required under this Agreement, more than 10 Business Days have elapsed since the date that the notice is delivered to such party;

- (b) in any other case, more than 30 Business Days have elapsed since the expiration of such period following the giving of such notice during which such party might by the exercise of reasonable diligence have remedied the default; or
- (c) in the case of a default that could not, by the exercise of reasonable diligence, be remedied within the period described in Subsection 6.1(b), the earlier of:
 - (i) the day on which the party fails or refuses to act diligently to remedy the default; and
 - (ii) the day on which it becomes evident to the other party, acting reasonably, that such default will not be remedied in a reasonably timely manner regardless of the actions taken by such party.

6.2 Remedies upon Event of Default

- (a) Upon the occurrence and continuation of an Event of Default, the non-defaulting party shall have the right to terminate this Agreement and exercise all other remedies available at law and in equity, and, notwithstanding Section 2.10, MFCPP or MFC Power LP, as the case may be, shall, where it is the Party that has not committed an Event of Default, have no obligation to maintain the registration of, and shall be entitled to immediately de-register the Registered Net Settlement Instruction. Upon the termination of this Agreement in accordance herewith, the Parties' obligations under this Agreement shall terminate, except that the Parties shall be liable for the obligations in Section 6.3 or otherwise arising out of Section 5.3.

6.3 Indemnities

- (a) MFC Power LP agrees to indemnify and save harmless MFCPP, its parents, affiliates, subsidiaries, officers, directors, employees and representative from any and all claims, demands, losses (including reasonable attorney's fees at the trial and appellate level) arising out of or resulting from any negligence of MFC Power LP or breach by MFC Power LP of Applicable Law.
- (b) MFCPP, to the extent permitted by law, agrees to indemnify and save harmless MFC Power LP, its parents, affiliates, subsidiaries, officers, directors, and employees from any and all claims, demands, losses (including reasonable attorney's fees at the trial and appellate level) arising out of or resulting from any negligence of MFCPP or breach by MFCPP of Applicable Law.

PART 7 - DISPUTE RESOLUTION

7.1 Referral to Senior Management

If the parties fail to agree on any matters referred to in this Agreement, either MFCPP or MFC Power LP may by notice to the other refer the dispute to the senior management of MFCPP and MFC Power LP or such other Persons as they may designate who will make their best efforts to determine a commercially fair and equitable solution to that dispute. A decision reached by such Persons and communicated by them in writing to the parties hereto will be binding on all parties to the dispute and will be implemented.

7.2 Arbitration

If no decision with respect to a matter, issue or dispute is so communicated by such senior management of MFCPP and MFC Power LP or such designates within 30 days after notice pursuant to Section 7.1 has been given, the matter in dispute shall be referred to a single arbitrator under the *Arbitration Act* then in effect in Alberta whose decision thereon will be final, binding and conclusive.

7.3 Place of Arbitration

All arbitration proceedings will be conducted in Calgary, Alberta.

7.4 Decision Binding

A decision of an arbitrator under this Agreement, including any decision as to costs, will be final and binding on the Parties but will not be a precedent in any subsequent arbitration.

7.5 Survival

This Part 7 will survive any termination of this Agreement and will continue to be binding upon the Parties, their successors and permitted assigns and be enforceable against them.

PART 8 - GENERAL PROVISIONS

8.1 Severability

Each provision of this Agreement is intended to be severable and, accordingly:

- (a) the unenforceability or invalidity of any particular provision under any applicable law will not affect the validity of any other provision, except that if, on the reasonable construction of this Agreement as a whole, the other provision is expressly stated, or is by reasonable implication intended by the parties, to be dependent on the validity and enforceability of the particular provision, the other provision will be deemed also to be invalid or unenforceable;
- (b) if any provision of this Agreement is invalid or unenforceable, the balance of this Agreement will be construed and enforced as if all invalid or unenforceable

provisions and all provisions so deemed to be invalid or unenforceable were not contained herein; and

- (c) if, as a result of a determination by a court of competent jurisdiction that any part of this Agreement is unenforceable or invalid, and of any application of this Section 8.1, the basic intentions of the parties, as evidenced by this Agreement, are entirely frustrated, the parties will use all reasonable efforts to amend, supplement or otherwise vary this Agreement in order that it more closely conforms with their mutual intentions in entering into this Agreement.

8.2 Amendment

No amendment, waiver, termination or variation of the terms, conditions, warranties, covenants, agreements and undertakings set out herein will be of any force or effect unless the same is reduced to writing duly executed by all parties hereto.

8.3 Waiver

No waiver of any of the provisions of this Agreement will constitute waiver of any other provision (whether or not similar) and no waiver will constitute a continuing waiver unless otherwise expressly provided.

8.4 Governing Law and Attornment to Jurisdiction

This Agreement shall be constructed, interpreted and enforced in accordance with, and the respective rights and obligations of the Parties shall be governed by, the laws of the Province of Alberta and the federal laws of Canada applicable therein, and each party hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

8.5 Mutual Cooperation

The parties hereto acknowledge that circumstances may arise from time to time which cause or impose hardships or difficulties not foreseen by the parties at the date of this Agreement. The parties agree to use all commercially reasonable efforts to resolve any hardships or difficulties arising from such unforeseeable circumstances in the spirit of mutual goodwill and cooperation.

8.6 Consequential Damages

Any liability of either party to the other for breach of this Agreement or for negligence of its directors, officers, employees, agents and contractors will not extend to or include liability for loss of profits or contribution, loss of use of property or other consequential damages.

8.7 Maintenance of Records

Each party will maintain detailed records of all measurements and tests made by it by reference to which, pursuant to this Agreement, the performance of an obligation by either party is measured or the extent of an obligation that either party is to perform is calculated and will make such records available to the other party for inspection at all reasonable times.

8.8 Eligible Financial Contract

This Agreement constitutes an "Eligible Financial Contract" under and in all proceedings relating to the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or the *Winding-Up and Restructuring Act* (Canada), and will be treated similarly under and in all proceedings relating to any bankruptcy, insolvency or similar law (regardless of the jurisdiction of application or competence of such law) or any ruling, order, directive or pronouncement made pursuant thereto.

8.9 Entire Agreement

This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters.

8.10 No Other Representations

No director, officer, employee or agent of either party has any authority to make any representation, warranty or covenant not contained in this Agreement, and each party agrees that it has executed this Agreement without reliance upon any such representation, warranty or covenant.

8.11 Excise Tax Act Election

MFCPP and MFC Power LP shall jointly execute in the prescribed form, and shall file within the prescribed time, an election under Section 156 of the *Excise Tax Act* (Canada) that the provision of the Electricity hereunder be deemed to be supplied for nil consideration for the purposes of the *Excise Tax Act* (Canada).

8.12 MFCPP Excise Tax Act Registration

MFCPP is registered for the purposes of Part IX of the Excise Tax Act (the "ETA") and has been assigned registration number 77614 0300 RT0001.

8.13 MFC Power LP Excise Tax Act Registration

MFC Power LP is registered for the purposes of Part IX of the ETA and has been assigned registration number 80681 1568 RT0001.

8.14 Assignment

In the event that the Power Plant is sold, then in connection with such sale, MFC Power LP may assign all of its right, benefit or interest in this Agreement to the purchaser under such transaction without consent of MFCPP. MFC Power LP may assign any of its right, benefit or interest in this Agreement to its affiliates without the consent of MFCPP. MFC Power LP may not assign any right, benefit or interest in this Agreement, other than to its Affiliates, without the consent of MFCPP, except as specifically provided herein. In the event that the Gas Plant is sold, then in connection with such sale, MFCPP may assign all of its right, benefit or interest in this Agreement without consent of MFC Power LP, such consent not to be unreasonably withheld. MFCPP may not directly or indirectly sell or otherwise transfer all or substantially all of the assets comprising the Gas Plant, unless the acquirer thereof assumes all of the rights, benefits and obligations of MFCPP under this Agreement. MFCPP may not assign any right, benefit or interest in this Agreement without the written consent of MFC Power LP, except as specifically provided herein.

8.15 Binding Effect

This Agreement will enure to the benefit of and be binding upon the respective legal representatives, successors and permitted assigns of the parties.

8.16 Time of Essence

Time is of the essence in the performance of each obligation under this Agreement.

8.17 Further Assurances

Each party will, at its own expense and without expense to the other, execute and deliver such further agreements and other documents and do such further acts and things as the other reasonably requests to evidence, carry out and give full force and effect to the intent of this Agreement.

8.18 Notice

Every notice, request, demand or direction (each, for the purposes of this Section 8.18, a "notice") will be delivered or sent by facsimile, or other similar form of written communication, in each case, addressed as applicable as follows:

If to MFC Processing Partnership at:

Suite 400 – 1035 7th Avenue SW
Calgary, Alberta
T2P 3E9

Facsimile: 403-652-1369

Attention: President of General Partner

If to MFC Power Limited Partnership at:

Suite 400 -1035 7th Avenue SW
Calgary Alberta
T2P 3E9
Facsimile: 403-652-1369
Attention: President of General Partner

or to such other address as is specified by the particular party by notice to the other.

8.19 Deemed Receipt

Any notice delivered or sent in accordance with Section 8.18 will be deemed to have been given and received:

- (a) if delivered, on the first Business Day after the day of delivery; and
- (b) if sent by facsimile or other similar form of written communication, on the first Business Day after the day of transmittal.

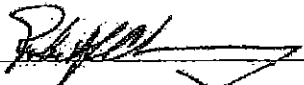
8.20 Counterparts and Electronic Execution

This Agreement may be executed in any number of counterparts by one or more parties hereto and such counterparts, each of which when so executed and delivered, shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument. An executed counterpart of this Agreement may be delivered by facsimile transfer or similar form of electronic communication from one party to the other provided that an original executed counterpart is promptly delivered to such receiving party.

[Signature page follows.]

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

MFC PROCESSING PARTNERSHIP, by its General Partner, MPP Ltd.

By: 

Name: Robert Chenery

Title: Director and Executive Chairman

MFC POWER LIMITED
PARTNERSHIP, by its General Partner,
MFC POWER GENERAL PARTNER
LTD.

By: _____

Name: _____

Title: _____

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

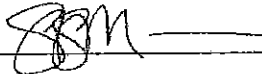
MFC PROCESSING PARTNERSHIP

By: _____

Name: _____

Title: _____

**MFC POWER LIMITED
PARTNERSHIP, by its General Partner,
MFC POWER GENERAL PARTNER
LTD.**

By:  _____

Name: Samuel S. Morrow

Title: Director

SCHEDULE A

TRANSFER POINT

Electricity will pass from the Power Plant to the Gas Site at the following Transfer Point:

- Inlet to the T3 transformer.

SCHEDULE B

MAP OF GAS SITE

(Please see attached.)



MFC RESOURCE PARTNERSHIP

MFC Mazeppa Plant Site
Facility Plan showing
Area 'A' (Power Plant Site)
Area 'B' (Future Expansion Site)

in
S.E. 1/4 Section 35,
Township 19, Range 28, W. 4th Meridian
Municipal District of Foot Hills No. 31

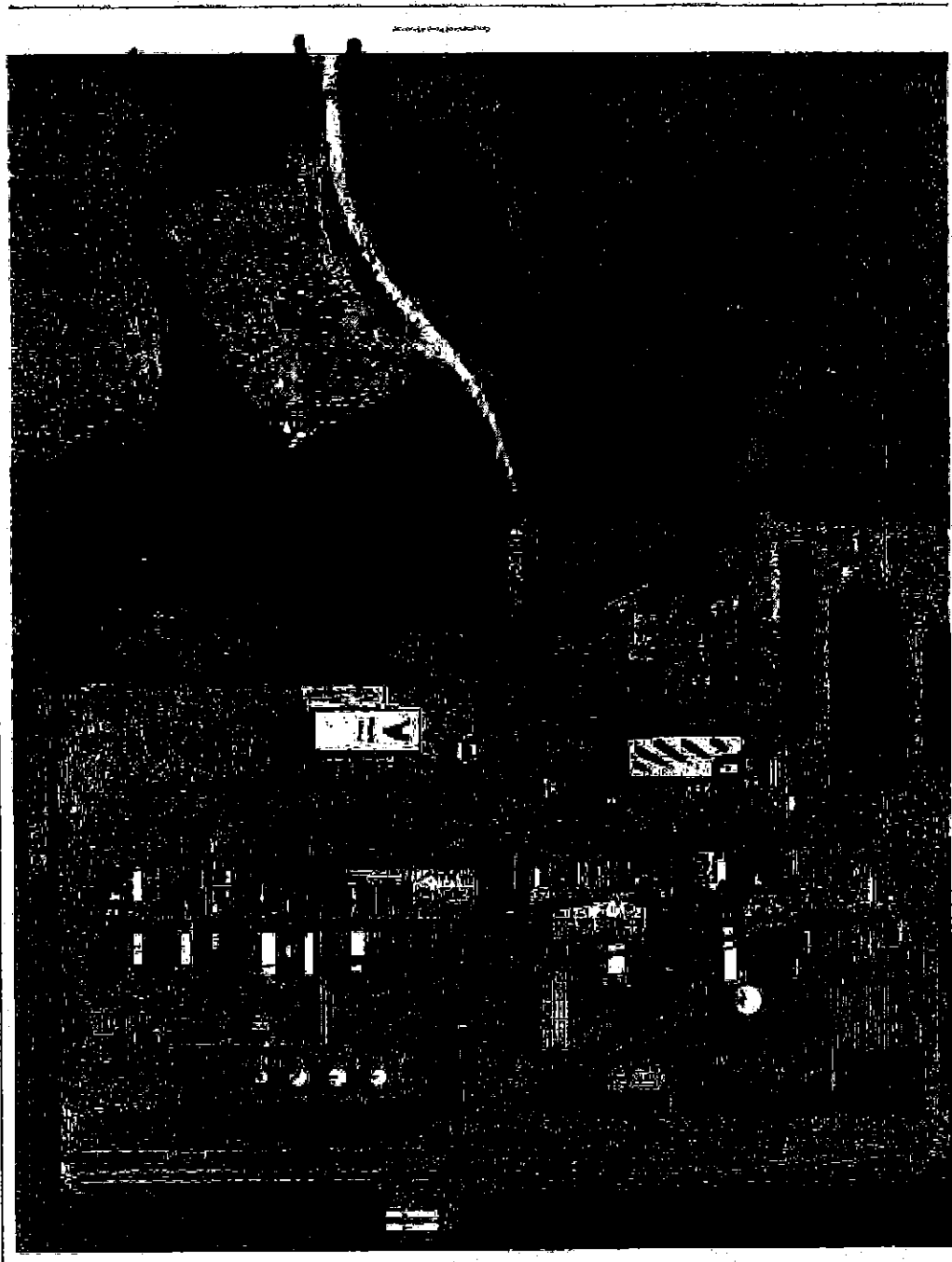
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Scale 1:1000

PRELIMINARY



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Drawing No. MFC-2019-01



PLAN No. _____
 ENTERED AND REGISTERED
 ON _____
 INSTRUMENT No. _____
 A.D. Registrar
 Land Titles Office

Notes:
 1. Area affected by this plan is shown by dotted lines.
 2. All distances are between survey points on the ground, unless shown otherwise.
 3. All distances are shown in feet and inches, unless shown otherwise.
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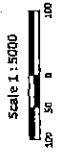
- Legend**
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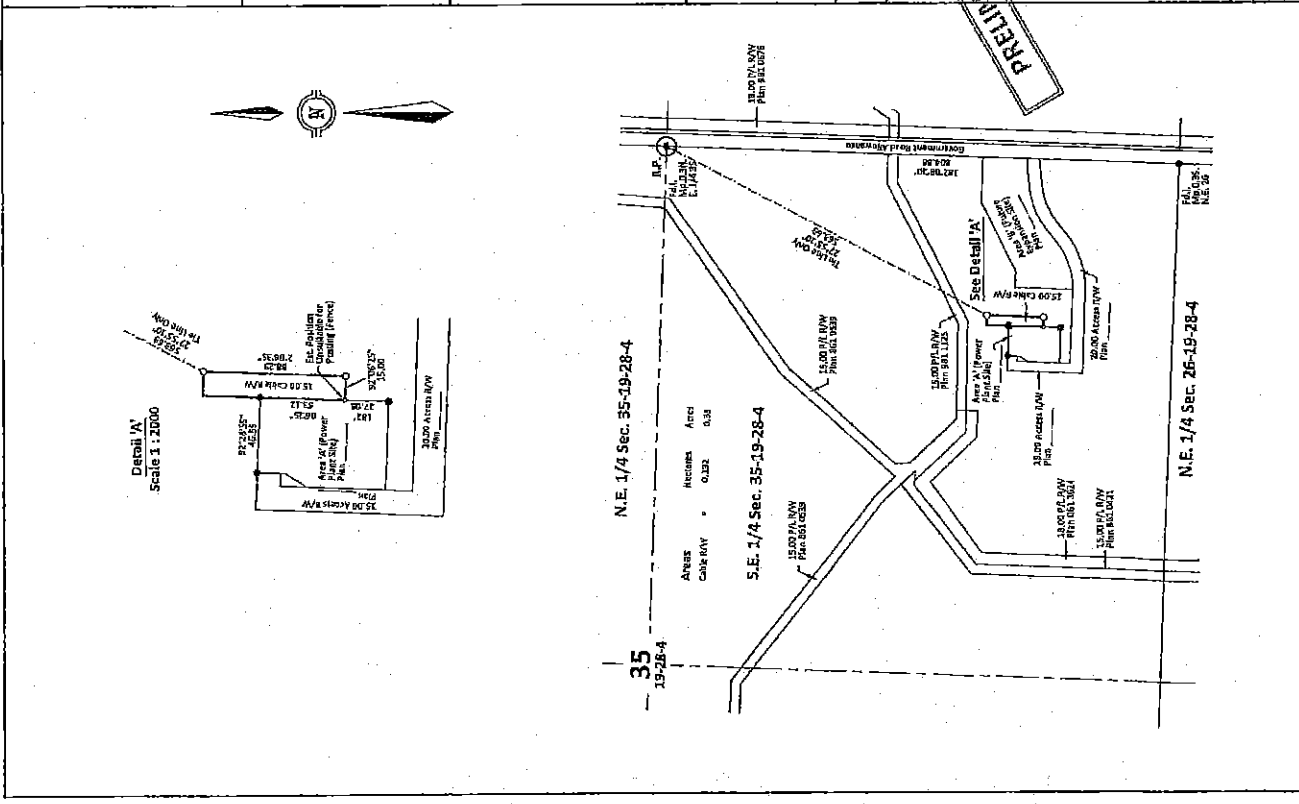
Surveyor Arthur M. Miller, A.L.S.
 Surveyed on the date of November 26th, 2015
 in accordance with the provisions of the Survey Act.

MFC RESOURCE PARTERSHIP

Plan Showing Survey of
 Cable Right - of - Way
 within
 S.E. 1/4 Section 35,
 Township 19, Range 28, W. 4th Meridian
 Municipal District of Foothills No. 31
 Alberta



No.	Particulars	Paul	Brigid	Survey/Date	Cal./O.	Draw
1	Doc. 2105	-	-	4/2/2006 (2015)	SB	ABO



LEASE AGREEMENT

THIS AGREEMENT is dated for reference as of the 7th day of December, 2015.

BETWEEN:

MFC PROCESSING PARTNERSHIP, a limited partnership organized under the laws of the Province of Alberta with an office at Suite 400 – 1035 7th Avenue SW, Calgary, Alberta, T2P 3E9;

(the "Landlord")

AND: MPP LTD., a corporation organized under the laws of the Province of Alberta with an office at Suite 1600 – 333 7th Avenue, SW, Calgary, Alberta, T2P 2Z1.

AND:

MFC POWER LIMITED PARTNERSHIP, a limited partnership organized under the laws of the Province of British Columbia having an office at Suite 400 -1035 7th Avenue, SW, Calgary, Alberta, T2P 3E9;

(the "Tenant")

WHEREAS:

A. Pursuant to an asset purchase agreement (the "**Purchase Agreement**") between the Landlord and the Tenant dated of even date herewith, the Landlord sold and the Tenant purchased a 16.5 mega-watt natural gas-fired power plant (the "**Power Plant**") located in High River, Alberta and certain related assets (the "**Power Plant Facility**"), but excluding title to the real property on which the Power Plant Facility is located;

B. The Landlord and Tenant entered into a management and operating services agreement dated of even date herewith;

C. The Landlord desires to lease to Tenant a portion of those certain lands located in High River, Alberta, on which the Power Plant Facility is located; and

D. The Power Plant Facility is expected to receive final commissioning on or around August 31, 2015.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants set out in this Lease, the parties represent, covenant and agree as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 In this Lease, unless something in the subject matter or context is inconsistent therewith, the following words and phrases shall have the meanings set forth below:

"Additional Rent" means all sums of money other than the Basic Rent which are required to be paid by Tenant to Landlord pursuant to the provisions of this Lease.

"Administrative Building" has the meaning ascribed thereto at Section 3.1 hereof.

"Affiliate" means, as applied to any Person, any other Person directly or indirectly Controlling, Controlled by, or under common Control with, that Person.

"Applicable Laws" means, in relation to any Person, transaction or event, all applicable provisions of laws, statutes, rules, regulations, official directives and orders of all federal, provincial, territorial, municipal and local governmental bodies (whether administrative, legislative, executive or otherwise), and final, non-appealable judgments, orders and decrees of all courts, commissions or bodies exercising similar functions in actions or proceedings in which the Person in question is a party, by which such Person is bound or having application to the transaction or event in question, including, for greater certainty, any Regulatory Approval, industry reliability standards or requirements adopted, applied, or imposed in Alberta pursuant to any of the foregoing.

"Basic Rent" has the meaning ascribed thereto at Section 6.1 hereof.

"Commencement Date" has the meaning ascribed thereto at Section 5.1 hereof.

"Consents" means all necessary third party notices, consents and approvals to any assignments of any Licences and Permits to the Tenant including all necessary consents, authorizations, registrations and approvals required by any Governmental Authority.

"Contaminants" means any pollutant, contaminant, waste, toxic, corrosive or hazardous substance, deleterious substance, dangerous substance, dangerous good or hazardous waste or special waste as defined in, or prohibited or regulated by, any Environmental Laws including, without limitation, asbestos, asbestos-containing materials, radioactive materials, urea formaldehyde and PCBs (polychlorinated biphenyls), and any substances whose presence and concentration in soil and groundwater is regulated by Environmental Laws.

"Control" (including with correlative meanings, the terms **"Controlling"**, **"Controlled by"** and **"under common Control with"**), as applied to any Person, means the power or rights to, directly or indirectly, either

- (a) elect a majority of the directors of that Person, or
- (b) direct or cause the direction of the management or policies, or business or affairs, of that Person,

whether through the beneficial ownership of securities or partnership or other ownership

interests, by contract, or otherwise. For greater certainty:

- (c) a Person shall be deemed to Control a partnership of which, in the case of a limited partnership, such Person or an Affiliate of such Person is the general partner, or, in all other cases, such Person or an Affiliate is a partner who has authority to bind the partnership;
- (d) a Person who Controls an entity is deemed to Control any entity that is Controlled, or deemed to be Controlled, by the entity; and
- (e) a Person is deemed to Control an entity if the aggregate of (A) any securities of the entity that are beneficially owned by that Person and (B) any securities of the entity that are beneficially owned by any entity Controlled by that Person, is such that, if that Person and all of the entities referred to in clause (B) of this paragraph (e) that beneficially own securities of the entity, were one Person, that Person would Control the entity.

"Control Room" has the meaning ascribed thereto at Section 3.1 hereof.

"Easements" has the meaning ascribed thereto at Section 3.1 hereof.

"Effective Date" means December 7, 2015.

"Election Notice" has the meaning ascribed thereto at Section 14.1(f) hereof.

"Emergency Generator System" has the meaning ascribed thereto at Section 14.1 hereof.

"Emissions" means any gas or other substance regulated pursuant to Applicable Laws governing the reduction, limitation, control, or management of:

- (f) greenhouse gases or global warming gases, including carbon dioxide, carbon monoxide, methane, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride;
- (g) nitrogen oxides, including nitrous oxide, whether expressed as NO_x, N₂O or NO₂;
- (h) sulphur oxides, including sulphur dioxide, whether expressed as SO_x or SO₂;
- (i) particulate matter or fine particles; or
- (j) other similar or related matters.

"Encumbrance" means any encumbrance of any kind whatsoever and includes, without limitation, a security interest, mortgage, lien, hypothec, pledge, assignment, charge, title retention agreement, option, security under Section 426 or Section 427 of the *Bank Act* (Canada), trust or deemed trust (whether contractual, statutory or otherwise arising), any covenant or other agreement, restriction or limitation relating to the transfer of the Power Plant Facility and the lease of the Premises and any (i) easement, (ii) restrictive covenant, (iii) right of way, (iv) restriction, (v) encroachment, (vi) title reservation of any kind with respect to real property, or (vii) adverse claim of any kind or character whatsoever.

"Environmental Laws" means Applicable Laws relating to the environment, including (a) those pertaining to reporting, licensing, permitting, investigating, remediating and cleaning up in connection with any release or discharge of Hazardous Substances or the threat of same, and (b) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances. Without limiting the generality of the foregoing, Environmental Laws shall include the Alberta Tier 1 Soil and Groundwater Remediation Guidelines published by the Alberta Government on May 21, 2014, as amended or replaced from time to time and the Alberta Tier 2 Soil and Groundwater Remediation Guidelines published by the Alberta Government on May 21, 2014, as amended or replaced from time to time.

"Environmental Liabilities" means any and all liability, claim, demand, obligation, cause of action, remediation, cost recovery action, investigation, proceeding, order, violation, damage, loss, cost, expense, judgment, penalty, or fine (whether arising or relating to any act, omission, occurrence, operation or activity transpiring prior to, on or following the Effective Date) asserted by any Person (including, without limitation, any private party or Governmental Authority), arising out of, or relating to: (i) Environmental Laws; (ii) the manufacture, construction, processing, distribution, use, holding, collection, accumulation, generation, treatment, stabilization, storage, disposal, handling or transportation of Contaminants; (iii) any releases of Contaminants; (iv) any sampling, assessment or monitoring of the environment; or (v) the removal, assessment, monitoring, sampling, abatement, remediation, risk, management, clean up, investigation, reporting or non-reporting of a release or discharge of Contaminants, or of contamination or pollution or of other adverse effects on the environment, including the compensation of any private party or Governmental Authority for losses suffered by them in respect thereof.

"Environmental Reports" has the meaning ascribed thereto at Section 17.1(k)(i) hereof.

"ETA" means the *Excise Tax Act* (Canada), as amended from time to time, as such act applies to and governs GST/HST.

"Fuel Gas System" has the meaning ascribed thereto at Section 14.1 hereof.

"Gas Plant" has the meaning ascribed thereto at Section 3.1 hereof.

"Gas Plant Premises" has the meaning ascribed thereto at Section 3.1 hereof.

"GHG" has the meaning ascribed thereto at Section 10.8 hereof.

"GHG Regime" has the meaning ascribed thereto at Section 10.8 hereof.

"Good Industry Practice" means any of the practices, methods and activities adopted by, engaged in or approved by a significant portion of the electric generation industry in North America as good practices applicable to the design, engineering, procurement, development, construction, commissioning, ownership, operation, maintenance and decommissioning of power generation facilities of similar type, size and capacity as the Power Plant Facility, from time to time, or any of the practices, methods or activities which, in the exercise of skill, diligence, prudence, foresight and reasonable judgment in light of the facts known or reasonably ascertainable at the time the decision was made, could reasonably have been expected to accomplish the desired result at a reasonable cost consistent with good business practices,

reliability, safety, expedition and Applicable Laws. Good Industry Practices are not intended to be limited to the optimum practices, methods or acts to the exclusion of all others, but rather are intended to delineate acceptable practices, methods or acts generally accepted in the North America electric generation industry.

"Goods and Services Tax" means any and all goods and services taxes, sales taxes, value added taxes or any other such similar taxes imposed on the Landlord or the Tenant from time to time by any Governmental Authority in respect of the Basic Rent and/or Additional Rent payable hereunder or any other amount payable by the Tenant to the Landlord under this Lease or the rental of the Premises or the provision of any goods, services or utilities, whatsoever by the Landlord to the Tenant under this Lease, whether characterized as a goods and services tax, sales tax, value added tax or otherwise.

"Governmental Authority" means any federal, provincial, municipal, county or local government or regulatory department, body, instrumentality, agency, minister or other authority having jurisdiction over the Land, the Power Plant Facility or any of the Parties and includes any court, department, commission, bureau, board, administrative agency or regulatory body of any of the foregoing and, for greater certainty, includes the Alberta Electric System Operator or any successor thereof.

"Hazardous Substances" means any substance or material that is prohibited, controlled or regulated by any Governmental Authority pursuant to Applicable Laws or Regulatory Approvals, including pollutants, contaminants, dangerous goods or substances, toxic or hazardous substances or materials, wastes (including solid nonhazardous wastes and subject wastes), petroleum and its derivatives and by-products, and other hydrocarbons, all as defined in or pursuant to any Applicable Laws, including Environmental Laws, but shall not include or mean Emissions.

"Initial Term" has the meaning ascribed thereto at Section 5.1 hereof.

"Land" has the meaning ascribed thereto at Section 2.1 hereof.

"Landlord Related Parties" has the meaning ascribed thereto at Section 16.4 hereof.

"Landlord's Easements" has the meaning ascribed thereto at Section 3.7 hereof.

"Licences and Permits" means all licences, permits, authorizations, certificates, approvals, registrations, covenants, rights-of-way, rights-to-purchase, leasehold interests and other similar rights relating to the Power Business which in each case do not expire before the Effective Date.

"Loss" or "Losses" means awards, costs, damages, liabilities, fines, penalties, property damage, Taxes, personal injuries (including death), expenses (including legal fees) of any kind or nature, and amounts actually paid in full or partial satisfaction of any of the foregoing, which a Party is required at law to pay.

"Mortgage" means any mortgage, charge, deed of trust, debenture, similar security instrument, or indenture supplemental thereto or other form of encumbrance (as defined in the *Land Titles Act* (Alberta)) or security in respect of a Party's interest in the Premises, whether it be created by way of assignment or otherwise, all as renewed, extended, modified, replaced or supplemented

from time to time.

"Mortgagee" means the holder of any Mortgage.

"Operator Amenities" has the meaning ascribed thereto at Section 3.1 hereof.

"Option to Purchase Terms" has the meaning ascribed thereto at Section 14.1(f) hereof.

"Parties" means all those Persons that have executed or have otherwise become a party to this Lease, and **"Party"** means any one of them.

"Permitted Encumbrances" means:

- (i) subsisting reservations, limitations, provisions or conditions, including royalties, expressed in the original grants from the Crown of any of the Premises and the statutory exceptions to title currently applicable to the Premises;
- (ii) as of the date hereof, registered or pending reservations, easements, restrictive covenants, rights-of-way or charges granted by or in favour of utilities or public authorities;
- (iii) a claim of right, title or jurisdiction which may be made or established by any aboriginal peoples by virtue of their status as aboriginal peoples to or over any lands, waters or products harvested therefrom;
- (iv) undetermined or inchoate liens and charges incidental to current construction or current operations which have not been filed or registered in accordance with Applicable Law or of which written notice has not yet been duly given in accordance with Applicable Law or that relate to an obligation not yet due or delinquent, which in each case relate to the Power Plant Facility;
- (v) liens for taxes, local improvements, assessments or governmental charges or levies not at the time due or delinquent, provided, however, where such taxes, local improvements, assessments or governmental charges or levies are payable in installments over a period of time, the installment for the then current portion thereof shall be adjusted between the Tenant and the Landlord at Closing;
- (vi) as of the date hereof, any minor encroachments by any structure located on the Premises onto any adjoining lands that do not materially affect the use and enjoyment of such adjoining lands or unless permitted by an encroachment agreement; and any minor encroachment by any structure located on adjoining lands onto the Premises or any of them that do not materially affect the use and enjoyment of the Premises or unless permitted by an encroachment agreement;
- (vii) the provisions of registered municipal by-laws, including those relating to zoning;
- (viii) as of the date hereof, registered easements for the supply of utilities or telephone services to any portion of the Land and for drainage, storm or sanitary sewers, public utility lines, telephone lines, or other services;

- (ix) as of the date hereof, registered easements or rights-of-way for the passage, ingress and egress of Persons and vehicles over parts of the Premises;
- (x) the Landlord's Easements;
- (xi) Instrument No. 961 307 287 – Caveat Re: Right of Way Agreement;
- (xii) Instrument No. 041 021 147 – Utility Right of Way;
- (xiii) Instrument No. 051 008 240 – Caveat Re: Pipeline Right of Way; and
- (xiv) other registered instruments approved by the Tenant in writing.

"Person" means and includes any natural person, corporation, limited partnership, general partnership, joint stock company, joint venture, association, company, limited liability company, trust, bank, trust company, land trust, business trust or other organization, whether or not a legal entity, any Governmental Authority, and the heirs, executors, administrators or other legal representatives of a natural person, as the case may be.

"Power Business" means the business of the Tenant relating to the generation, marketing and sale of electrical energy and operation of the Power Plant Facility and all complementary, incidental and ancillary activities relating thereto or in furtherance thereof.

"Premises" has the meaning ascribed thereto at Section 2.1 hereof.

"Prime Rate" means the annual rate of interest announced from time to time by Landlord's principal banker in Calgary as its reference rate of interest for commercial demand loans made in Canada in Canadian funds to borrowers of varying degrees of credit worthiness.

"Property Taxes" means all immovable property taxes, surtaxes, taxes on non-residential immovables, water and service rates, duties and assessments, whether municipal, school, local improvement, general or special, imposed from time to time by any taxing authority in respect of the Premises or upon Landlord or the owner(s) on account of its/their interest therein, and all costs, fees, expenses and time charges incurred by Landlord in contesting any Property Taxes or negotiating with taxing authorities with respect to Property Taxes, including without limitation, all legal, appraisal and other fees and charges. Property Taxes shall not include Goods and Services Tax. If the system of real estate taxation is altered or varied from that in force at the Commencement Date and/or if any new tax shall be levied or imposed on all or any part of the Premises and/or Landlord in substitution for or in addition to previously existing taxes, then any altered, varied or new tax or levy shall be included within Property Taxes.

"Regulatory Approvals" means any authorization, consent, certificate, registration, approval, license, ruling, permit, exemption, variance, order, judgment, decree, declarations of or regulation given by or required from any Governmental Authority under any Applicable Laws (including Environmental Laws) in respect of, or which are in any way material to, the Power Business.

"Relocation" has the meaning ascribed thereto at Section 14.1 hereof.

"Renewal Term" has the meaning ascribed thereto at Section 5.2 hereof.

"**SGER**" has the meaning ascribed thereto at Section 10.8 hereof.

"**SGRR**" has the meaning ascribed thereto at Section 10.8 hereof.

"**Subdivision**" means the legal subdivision of a portion of the Land, causing a separate certificate of title to be issued for such portion of the Land by the Alberta Land Titles Office.

"**Tenant Related Parties**" has the meaning ascribed thereto at Section 16.5 hereof.

"**Term**" has the meaning ascribed thereto at Section 5.3 hereof.

"**Transfer**" shall include any assignment, any sub-lease of all or any part of the Premises or any use of all or any part of the Premises by any Person which is not Tenant or an Affiliate of Tenant, whether voluntarily or involuntarily or by operation of law.

"**Transferee**" means any person, firm, trust, corporation or other legal entity to whom or to which a Transfer is effected or purported to be effected.

"**Transaction Documents**" has the meaning set forth in that certain Asset Purchase Agreement, dated the date hereof, between MFC Processing Partnership, as vendor, and MFC Power Limited Partnership, as purchaser.

ARTICLE 2 PREMISES AND INTENT OF LEASE

2.1 Subject to the terms and conditions of this Lease, Landlord leases to Tenant the premises designated as Area 'A' (Power Plant Site) and Area 'B' (Future Expansion Site) on Schedule A (the "**Premises**"), being a portion of those lands located in High River, Alberta, and legally described in Schedule B (the "**Land**") to this Lease.

2.2 It is the express intention of the parties that Tenant will not be liable to pay for or contribute to any cost or expense nor become responsible for liabilities of any nature whatsoever except as expressly stipulated in this Lease (or the other Transaction Documents). Any amount to be paid or any obligation to be performed which is not expressly declared to be that of Tenant shall be deemed to be an obligation of Landlord to be paid or performed by Landlord at Landlord's expense.

ARTICLE 3 EASEMENTS

3.1 The Landlord hereby grants to the Tenant the following easements and rights of access to enter onto, over and through the Land including on or through all of the Landlord's structures, buildings and improvements situate thereon (collectively, the "**Easements**"), together with rights of ingress and egress for all purposes incidental to the said grants for so long hereafter as the Tenant may desire and continue to exercise the rights and privileges hereby granted:

- (a) a blanket easement and right of access to the sour gas processing plant located on the Land (the "**Gas Plant**") and the portions of the Land on which the Gas Plant

is situated (the "**Gas Plant Premises**"), to access, enjoy and use in common with others entitled thereto, the following amenities (the "**Operator Amenities**") situated on the Gas Plant Premises:

- (i) all amenities located on the ground floor of the administrative building owned and operated by the Landlord as depicted on Schedule A (the "**Administrative Building**"), including the kitchen, locker room, meeting room, restrooms and access to the parking lot;
 - (ii) up to 260 square feet of office space in the Administrative Building. The Landlord shall, at its sole cost, own, operate and maintain the Administrative Building and all equipment, instruments, control panels, controls, switches, computers and/or other property installed or placed in the Administrative Building. The Landlord shall pay all Property Taxes or other taxes associated with the ownership of the Administrative Building; and
 - (iii) all other common areas, corridors and other common facilities that are available for use for the comfort or accommodation of the Landlord and Tenant's respective operating personnel.;
- (b) a blanket easement and right of access to the Gas Plant Premises and the Gas Plant control room (the "**Control Room**") and the Gas Plant inlet separator building and the storage facility located south of the Premises to install, construct, use, operate, maintain, repair and replace the Power Plant equipment contained therein and store a spare generator and other spare parts for the Power Plant Facility;
- (c) a blanket easement and right of access to the Gas Plant Premises to install, construct, use, operate, maintain, repair and replace:
- (i) the antenna tower (which is property of the Tenant) located outside the Gas Plant Control Room on the Gas Plant Premises and the AltaLink receiving radio antennae;
- (d) a blanket easement and right of access to enter on to those portions of the Land, including the portion of the Land between Area 'A' (Power Plant Site) and Area 'B' (Future Expansion Site) as designated on Schedule A, as reasonably necessary to allow the Tenant to install, construct, use, operate, maintain, repair and replace:
- (i) the existing and any new communications cabling necessary for the operation of the AltaLink receiving radio antennae;
 - (ii) the existing Gas Plant's gas pipeline running from the Gas Plant inlet separator building to the point of interconnection with ATCO and any new gas pipeline;
 - (iii) the existing electrical lines connecting the Premises to the FortisAlberta Inc. electrical grid, by means of the electrical lines connecting a

FortisAlberta Inc. transformer located on the Land to the switchgear located on the Premises and any new electrical lines;

- (iv) the existing drainage ditch serving as the storm and overland drainage for the Premises;
 - (v) all existing phone, cable and internet lines providing the Premises with phone and internet access and any new such lines;
 - (vi) any water pipes that may be built and used to provide potable or waste water access to the Power Plant Facility.
- (e) a blanket easement over any existing or new roadways or other portions of the Land:
- (i) as are reasonably necessary to access, make use of and enjoy any assets owned by the Tenant and used in the operation of the Power Plant Facility, including those set forth in this Section 3.1 hereof; and
 - (ii) as the parties may agree from time to time.

For indicative purposes only and without restricting the areas of the Easements, certain of the foregoing areas listed in Section 3.1 are identified on Schedule A.

3.2 The rights granted to the Tenant under the Easements:

- (a) shall extend and be exercised by the Tenant, its utility and service providers, servants, agents, employees, contractors, subcontractors, licensees, and to any other person from time to time authorized by the Tenant;
- (b) include the right to pass, repass and remain on the Lands in each case with or without tools, equipment, materials or vehicles and machinery;
- (c) shall be of the same force and effect to all intents and purposes as covenants running with the lands; and
- (d) are non-exclusive and shall not prevent the Landlord, its servants, agents, employees, contractors, subcontractors, licensees, and invitees from using the Land, provided such use shall not reasonably interfere with the rights granted to the Tenant herein.

3.3 In addition to its rights under the Easements, the Landlord and shall at all times cooperate with the Tenant to ensure that it has, at all times, sufficient access to any assets owned by the Tenant and any easements, licenses or similar rights as are reasonably necessary for the Tenant in order to operate, use and enjoy the Power Business and the Power Plant. In connection therewith, the Landlord shall grant to the Tenant, its utility and service providers, servants, agents, employees, contractors, subcontractors, licensees, and to any other person from time to time authorized by the Tenant, such other rights to enter on to the Gas Plant Premises (i) as are

reasonably necessary to access any assets owned by the Tenant and used in the operation of the Power Plant Facility; and (ii) as the parties may agree from time to time.

3.4 Promptly following the Commencement Date and upon the Tenant's request, the Landlord and Tenant shall use their reasonable commercial efforts to complete, execute and register one or more registrable Easements or other instruments, to be in a form and to have content necessary to accomplish the purposes described herein and satisfactory to the Landlord and Tenant and the applicable utility and service providers, each acting reasonably.

3.5 The Tenant agrees that in exercising its rights under the Easements and those other rights granted in this Article 3, it shall conduct itself in accordance with the safety policies of the Gas Plant, such safety policies to be in accordance with industry standards

3.6 In order to permit the Tenant's free exercise of the Easements and those other rights granted in this Article 3, the Landlord shall not and shall not permit to be erected, built or maintained any buildings, structures, materials, equipment, vehicles, or other obstructions in, on, over or under those portions of the Land which is reasonably expected to have an adverse effect on the exercise of the Tenant's rights under the Easements and those other rights granted in this Article 3, without obtaining the Tenant's prior written consent, which consent may be arbitrarily withheld. If the Landlord erects, builds or maintains any thing in, on, over or under those portions of the Lands that has an adverse effect on the exercise of the Tenant's rights under the Easements or those other rights granted in this Article 3, the Landlord does so at the Landlord's own risk and the Tenant will not be liable for any damage to such thing if such damage results from the exercise by the Tenant of its rights hereunder.

3.7 The Tenant hereby grants to the Landlord, its utility and service providers, servants, agents, employees, contractors, subcontractors, licensees, and to any other person from time to time authorized by the Landlord, the following easements and rights of access to enter onto, over and through the Premises (collectively, the "Landlord's Easements"), together with rights of ingress and egress for all purposes incidental to the said grants for so long hereafter as the Landlord may desire and continue to exercise the rights and privileges hereby granted:

- (a) an easement and right of access to enter on to those portions of the Premises as reasonably necessary to allow the Landlord to install, construct, use, operate, maintain, repair and replace:
 - (i) the gas pipelines and cabling running across the Premises as identified on Schedule A; and
 - (ii) as the parties may agree from time to time.

3.8 Promptly following the Commencement Date and upon the Landlord's request, the Landlord and Tenant shall use their reasonable commercial efforts to complete, execute and register one or more registrable Landlord's Easements or other instruments, to be in a form and to ~~have content necessary to accomplish the purposes described herein and satisfactory to the~~ Landlord and Tenant and the applicable utility and service providers, each acting reasonably.

ARTICLE 4

DELIVERY OF PREMISES

4.1 Tenant acknowledges having examined the Premises and accepts the Premises "as is", and Tenant hereby declares itself being satisfied therewith. Tenant acknowledges that:

- (a) Landlord is not responsible pursuant to this Lease to make any changes or to perform any work to make the Premises suitable for Tenant's use; and
- (b) Landlord has made no representation or warranty, express or implied, as to the suitability or condition or fitness for any purpose of the Premises other than as set forth in the Transaction Documents.

4.2 The Landlord acknowledges that, pursuant to the Purchase Agreement, the Tenant is the owner of the buildings, improvements and fixtures situate on the Premises, and at all times shall remain personal property of the Tenant, notwithstanding that such buildings, improvements and fixtures are physically attached or affixed to or incorporated in or made a part of the Premises.

4.3 The Landlord covenants and agrees that, from the Effective Date until the termination of this Lease (including any extensions or replacements hereof), it shall not incur, create, assume or suffer to exist any Encumbrances (i) on the Premises, the Easements or the Power Plant Facility, except for Permitted Encumbrances and Encumbrances created by the Tenant and (ii) on the Land (excluding the Premises, the Easements or the Power Plant Facility), except for Permitted Encumbrances, Encumbrances created by the Tenant and Encumbrances that (A) would not have a material adverse effect on the Power Business, the Power Plant Facility or its operation, this Lease or the Easements and (B) are consistent with the rights granted to the Tenant under this Lease and the Easements.

ARTICLE 5 TERM

5.1 The initial term of this Lease will be for 26 years ("**Initial Term**") commencing on December 7, 2015 ("**Commencement Date**") and expiring on December 6, 2041.

5.2 Provided Tenant is not in default of its obligations or of any term of this Lease, Tenant may renew the Term for a maximum of five (5) consecutive five (5) year periods (each a "**Renewal Term**"), beyond the Initial Term, by the provision of written notice to Landlord, such notice to be provided not less than six (6) months prior to the expiration of the then effective Initial Term or Renewal Term. The Lease during each Renewal Term shall be upon the same terms and conditions as applied during the period terminating on the day immediately preceding the beginning of such Renewal Term, save and except that: for each Renewal Term, the Basic Rent (as defined hereinafter) will be as set forth in Section 6.1.

5.3 The Initial Term and the Renewal Term are hereinafter collectively referred to as the "**Term**".

5.4 Despite any present or future legislation to the contrary, neither this Lease nor the Term will be subject to tacit renewal. Should Tenant remain in possession of the Premises after the expiry of the Term or earlier termination of this Lease without the prior written consent of

Landlord, Tenant shall pay a monthly rental equal to 1.1 times the amount of Basic Rent and Additional Rent (as hereinafter defined) payable during the last month of the Term. Tenant will be deemed to be occupying the Premises as a tenant from month to month (the tenancy being terminable by either Landlord or Tenant upon thirty (30) days prior written notice to the other) and otherwise subject to all of the terms and provisions of this Lease applicable to such tenancy.

Tenant irrevocably acknowledges and agrees that if prior to the termination of the present Lease, negotiations which are entered into between Landlord and Tenant with respect to the terms of any extension of the present Lease, or the terms of any new lease, or with respect to any changes in the provisions of the present Lease, or with respect to any change in the Premises, or with respect to any other matter, such negotiations will in no event have any binding effect on either of the parties, unless and until a new written agreement between the parties is entered into and executed by both parties. Moreover, any draft agreements submitted by Landlord to Tenant shall be deemed to have been so submitted for discussion purposes only and shall not bind Landlord even if they have been signed by Tenant and returned to Landlord, unless and until they have been signed by Landlord. As a result, Tenant shall not allege any negotiations, discussions or verbal agreements to avoid its obligation of vacating the Premises on the termination date.

5.5 Notwithstanding anything herein to the contrary:

- (a) Tenant may, on six (6) months' written notice to the Landlord, terminate this Lease;
- (b) this Lease shall terminate on the earlier of:
 - (i) the date of completion of both the decommissioning of the Power Plant Facility by the Tenant, and the restoration of the Premises by Tenant in accordance with this Lease (and Tenant shall diligently commence and prosecute the completion of such restoration within one (1) year following decommissioning of the Power Plant Facility, except to the extent that Applicable Law or Regulatory Approvals relating to the Power Plant Facility require such restoration or aspects of such restoration to be completed at another time); and
 - (ii) such other date as is agreed in writing by the Parties.

Upon the termination of this Lease pursuant to this Section 5.5, the Tenant shall peaceably surrender vacant possession of the Premises to the Landlord in accordance with the provisions of this Lease and all Basic Rent and/or Additional Rent payable hereunder shall be apportioned and paid to the date of such termination.

ARTICLE 6 RENT

6.1 ~~Tenant shall pay to Landlord for the Term, a Basic Rent ("Basic Rent") for the Premises, licences, Easements and right-of-ways granted pursuant to Article 3 equal to the following:~~

- (a) for the first year of the Initial Term, an amount, calculated at a rate of \$29,850 (or

\$5,887.57 per acre of the area of the Premises) per annum, payable in equal and consecutive monthly installments, and for the balance of the Initial Term, an amount, calculated at a rate of \$5,053 (or \$993.10 per acre of the area of the Premises) per annum payable in equal and consecutive monthly installments; and

- (b) for any Renewal Terms, an amount, calculated at a rate of \$5,035 (or \$993.10 per acre of the area of the Premises) per annum (subject to adjustment from time to time as may be agreed to by the Landlord and the Tenant), payable in equal and consecutive monthly installments.

The Basic Rent is payable in advance the first (1st) day of each month.

6.2 Notwithstanding, amounts payable pursuant to this Lease will be paid to Landlord firstly by way of offset against any amounts owing by Landlord to Tenant under any other Transaction Document. Landlord agrees that any offset claimed shall constitute a valid payment by Tenant hereunder.

6.3 It is expressly understood that the Basic Rent excludes the Goods and Services Tax which Tenant must pay in addition unless the Landlord and Tenant have elected under section 156 of the ETA to deem the lease to be made for nil consideration.

ARTICLE 7 ADDITIONAL RENT AND TAXES

7.1 Within a reasonable delay after the end of the period for which the estimated payments are intended to apply, Landlord will furnish Tenant with a statement, certified by an officer of the Landlord, showing the actual amount Tenant is required to pay toward Additional Rent. If the total of Tenant's provisional payments with respect to any such charge is less than the actual amount payable, the difference will become due and exigible with the next payment of Basic Rent following receipt of Landlord's statement. If Tenant's provisional payments exceed the actual amounts payable, Landlord will credit any such amount against other sums due or to become due by Tenant under this Lease. Within thirty (30) days after receipt of such statement from the Landlord, the Tenant shall be entitled, upon five (5) days' prior notice and during normal business hours at the Landlord's office or such other place as the Landlord may designate, to inspect and examine the books and records of the Landlord relating to the determination of Additional Rent for the immediately preceding Lease year.

7.2 Any Additional Rent shall be payable by Tenant to Landlord within thirty (30) days of Landlord rendering to Tenant an invoice for such amounts.

7.3 Tenant shall be responsible for all Property Taxes payable for the Premises. The parties agree to cooperate and use reasonable efforts to obtain assessments which separately identify the Property Taxes attributable to each of them and pay such Property Taxes directly to the relevant Governmental Authority. If the parties are unable to obtain separate assessments:

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- (a) the Tenant will pay such amounts to the Landlord (without duplication) attributable to the Premises as determined by the parties, acting reasonably, and the Landlord shall pay such amounts to the relevant Governmental Authority, as

and when due; and

- (b) the Parties will reasonably cooperate with the other where one of them wishes to contest or dispute an assessment of Property Taxes affecting it or them, as the case may be.

ARTICLE 8 PAYMENT OF MONIES

8.1 The Basic Rent as well as all other amounts payable by Tenant to or for the account of Landlord pursuant to the terms of this Lease, shall be paid in lawful money of Canada when due, without the necessity of any demand therefore, renouncing to all claims of deduction, abatement, compensation or set-off against any amounts due or to become due hereunder, save and except as expressly provided herein.

8.2 Any amount Tenant does not pay when due shall bear interest at 0.5% above the Prime Rate, without prejudice to Landlord's other rights and recourses. Overdue interest will bear interest at the same rate.

8.3 If the Term begins on a day which is not the first day of a calendar month or ends on a day which is not the last day of a calendar month, then any amount with respect to that month will be apportioned on a *per diem* basis.

8.4 The obligations of Tenant to make any payments shall survive the expiration or earlier termination of this Lease, in respect of all amounts then due and payable hereunder.

ARTICLE 9 USE OF PREMISES

9.1 Tenant agrees that it will use the Premises for the purposes of operating, managing, repairing, maintaining and servicing the Power Plant Facility and any other related purpose, and will do so in material compliance with all Applicable Laws and Good Industry Practice.

9.2 Except as permitted or contemplated by this Lease or the Transaction Documents, Tenant shall not do, or permit anything to be done on or about the Premises or the Land which may materially injure or obstruct the rights of Landlord, or of co-tenants or other occupants of the Land, or of owners or occupants of adjacent or contiguous property, or do anything which is a nuisance.

9.3 Tenant shall not commit, cause or permit any material nuisance or waste on the Premises or those portions of the Land over which it has access pursuant to Article 3, or permit the emission of any offensive substance, odor, or noise from the Premises, except as consistent with the operation of the Power Plant Facility in accordance with Good Industry Practice.

~~9.4 Tenant shall at its own cost and expense, keep the Power Plant Facility and all improvements on the Premises in reasonable repair in accordance with Good Industry Practice.~~

9.5 Tenant shall pay all utility costs incurred on the Premises by reason of Tenant's operations

thereon.

9.6 Tenant will operate the Power Plant Facility so as not to unreasonably interfere in any material respect with any operations on the Gas Plant Premises as they exist at the date of this Lease, subject however at all times to the terms of this Lease, Applicable Laws and the requirements of any other Governmental Authority.

9.7 Landlord shall operate the Gas Plant so as not to unreasonably interfere in any material respect with any operations of the Power Plant Facility as they exist at the date of this Lease, subject however at all times to the terms of this Lease, Applicable Laws and the requirements of any other Governmental Authority.

9.8 Upon the Tenant paying the Basic Rent and Additional Rent hereby reserved at the times and in the manner herein provided and performing the covenants on the Tenant's part herein contained, the Tenant shall and may peaceably possess and enjoy the Premises for the Term without any interruption or disturbance from the Landlord or any other person or persons lawfully claiming by, from or under the Landlord.

9.9 If the whole or any part of the Premises shall be acquired or expropriated by an authority having the power for such acquisition or expropriation, then the Tenant may, in its discretion, immediately terminate this Lease from the date of entry by such authority. Nothing herein contained shall prevent the Landlord or the Tenant or both from recovering damages from such authority for the value of their respective interests expropriated and all other damages and expenses allowed by law.

9.10 Tenant agrees that the provisions of this ARTICLE 9 are essential conditions of this Lease.

ARTICLE 10 ENVIRONMENTAL PROVISIONS

10.1 Tenant will comply in all material respects with all applicable Environmental Laws. If Tenant is convicted of any offence contrary to any applicable Environmental Law which relates to the Premises which offence also has a material detrimental effect on the Premises, Landlord will have the option, in addition to any of its other rights and recourses hereunder or at law, and at its sole discretion, acting reasonably, to terminate this Lease forthwith by notice in writing if Tenant has been made aware of the problem and Tenant has not rectified the situation within 365 days, or such shorter period as determined by any Governmental Authority, or if the Tenant has not commenced steps toward rectification if incapable of being rectified within 365 days, or such shorter period as determined by any Governmental Authority, and Landlord will not be liable for any damages of any nature whatsoever arising out of such termination.

10.2 Tenant will obtain and comply, in all material respects, with all terms of all Regulatory Approvals under any applicable Environmental Laws for the safe and lawful conduct of its business at or from the Premises and the Land.

10.3 Tenant will store and dispose of all its waste and Hazardous Substances in a lawful manner, at its expense, and in accordance with Applicable Laws. Any waste or Hazardous Substances which Tenant must store in the Premises prior to disposal or prior to it being

collected by a waste collection contractor, will be stored in a manner and location which complies with all Environmental Laws at Tenant's expense. Tenant will permit Landlord to perform any reasonable inspections of Tenant's waste, Hazardous Substances and its operations in the Premises as may be required by Landlord from time to time. Tenant will comply with all reasonable requirements imposed by Landlord with respect to the implementation of a system for the storage, disposal and separation of waste or Hazardous Substances at the Premises.

10.4 Tenant will immediately report the occurrence of any release or discharge in the environment of any Hazardous Substances to all Governmental Authorities to whom notification is required under the applicable Environmental Laws and to Landlord. Tenant will immediately clean up and restore the natural environment affected by any such release or discharge to the standards required under Environmental Laws and upon request, provide Landlord with a certificate from Tenant's duly qualified consulting engineer confirming compliance with Environmental Laws. If Tenant fails or refuses to promptly clean up any such release or discharge and to restore the natural environment affected by any release or discharge which has occurred in, on, under, over or from the Premises, accidentally or otherwise, in compliance with Environmental Laws, or if in Landlord's opinion, acting reasonably, Tenant is not competent to do so, Landlord may elect in writing to carry out all or any part of the clean-up and restoration at Tenant's expense or/and Landlord will in addition, at its sole discretion, have the right to terminate this Lease forthwith by notice in writing to Tenant.

10.5 Upon the expiration of the Term or earlier termination of this Lease, Tenant will ensure that no Hazardous Substances that are not in compliance with Environmental Laws remain in, on, under or over the Premises as a result of its operations during the Term (but shall have no obligation with respect to any Hazardous Substances existing in, on, under or over the Premises prior to the Commencement Date or that migrated from the Gas Plant, Gas Plant Premises or other third party lands, in, on, under or over the Premises after the Commencement Date).

10.6 Tenant shall immediately report and remit to Landlord any notices of non-conformity or contraventions to any Environmental Laws, which Tenant may receive throughout the Term of this Lease. Tenant shall perform what is required by and conform itself to any such notices received throughout the Term of this Lease.

10.7 Notwithstanding anything else contained herein or in any other Transaction Document to the contrary, Tenant shall have no obligation or liability to Landlord with respect to the Premises in respect of any Hazardous Substance or under any Environmental Law, the release or discharge of which arose prior to or after the Tenant's occupancy or control of the Premises.

10.8 In the event that the Power Plant and Gas Plant are characterized as one facility by the Alberta government and together exceed 100,000 tonnes of greenhouse gas ("GHG") emissions or such other threshold as determined by the Alberta *Climate Change and Emissions Management Act*, SA 2003, c.C-16.7 ("Act") the *Specified Gas Reduction Regulation* ("SGRR"), and the *Specified Gas Emitters Regulation* ("SGER") (collectively the Act, the SGRR, the SGER and any other regulations enacted under the Act are hereafter referred to as the "GHG Regime"), and to the extent that any reduction in GHG emissions intensity applicable to the Power Plant and Gas Plant together is required pursuant to the GHG Regime, the Parties shall cooperate in good faith to reduce the respective GHG emissions intensities of the Power Plant and Gas Plant to ensure the required GHG emission intensity as applicable to the Power Plant

and Gas Plant together, is attained. If the required GHG emissions intensity applicable to the Power Plant and Gas Plant together cannot be attained, then the Parties shall cooperate in good faith to independently reduce the GHG emissions intensities of their respective plants as much as possible, taking into account good operating practices. Thereafter the Parties shall be responsible on a pro-rata basis according to the absolute contribution of GHG emissions from their respective plants relative to the overall GHG emissions and required GHG emissions intensity applicable to the Power Plant and Gas Plant together, for the purchase or obtaining of: fund credits; emissions performance credits; or emissions offsets; as may be applicable, to ensure compliance with the GHG Regime.

ARTICLE 11 MAINTENANCE, REPAIRS AND IMPROVEMENTS

11.1 Tenant is responsible for all maintenance, repairs and replacement to the Premises.

11.2 Tenant shall provide Landlord with a waiver and release of any and all liens, mortgages, charges or encumbrances that may be claimed for work to be performed or materials supplied under any contract or subcontract for Tenant work before any work starts. If any such waiver and release is not obtainable, Tenant will furnish adequate security acceptable in all respects to Landlord, acting reasonably, to guarantee the payment in full for all such work or materials as well as any administration or other ancillary costs which Landlord may incur in connection thereof.

11.3 Should any lien, mortgage, charge or encumbrance at any time be registered against the Premises or any part thereof by a third party in connection with any Tenant work, Tenant shall discharge same within thirty (30) business days after it has been notified of its registration. However, Tenant shall not be required to discharge the lien, mortgage, charge or encumbrance if it is validly and diligently contesting the amount or validity of such lien, mortgage, charge or encumbrance and furnishes Landlord with a guarantee sufficient to pay the claim in capital, interest and costs; provided however, if in Landlord's reasonable judgment, its freehold title to the Land or any part thereof may become liable to any forfeiture or sale or is otherwise in jeopardy, Landlord may (but shall not be obligated to) discharge any lien, mortgage, charge or encumbrance filed or registered against title to the Land by a third party by paying monies into court as may be required to obtain a discharge of any such lien, mortgage, charge or encumbrance filed or registered and any amount paid by Landlord in so doing, together with all reasonable costs and expenses of Landlord, shall be reimbursed by Tenant to Landlord on demand.

11.4 At the expiry of the Term or earlier termination of this Lease, Tenant may remove movables and moveable effects from the Premises and will repair all damage caused by the installation or removal of the objects in question.

11.5 Prior to termination or expiration of this Lease, Tenant shall:

- ~~(a) remove all of the Tenant's equipment, fixtures and improvements on the surface of the Premises including all improvements within two (2) meters of the surface of the Premises;~~

- (b) complete any site stabilization, contouring and compaction reasonably required to restore the Premises to substantially the same condition as the Premises were in immediately prior to the commencement of construction of the Power Plant Facility; and
- (c) complete all environmental remediation of the Premises for which Tenant is responsible pursuant to ARTICLE 10,

in each case in compliance with Applicable Laws, any decommissioning plans filed with any Governmental Authorities related to the Power Plant Facility and Good Industry Practice, provided that the Tenant shall not be liable for any decommissioning obligations relating to the Landlord's current or past operations on the Land, including the Premises, which shall be the sole responsibility of the Landlord.

11.6 Landlord shall keep the exterior and interior of the Administrative Building and all other buildings and facilities subject to any right-of-ways or easements granted under this Lease in good and sufficient repair at all times, and shall not do, or permit anything to be done to such Operator Amenities, buildings and facilities which may injure or obstruct the rights of Tenant.

ARTICLE 12 TRANSFER AND SUBLEASE

12.1 Tenant may effect a Transfer in any form or manner with the written consent of Landlord, such consent not to be unreasonably withheld, provided that Tenant may effect a Transfer in any form or manner to any of Tenant's affiliates or to any other purchaser of the Power Plant Facility without obtaining the prior consent of Landlord.

12.2 Landlord may not assign any right, benefit or interest in this Agreement without the written consent of Tenant, such consent not to be unreasonably withheld. For any assignment of this Lease by the Landlord, it shall be a condition of such assignment that:

- (a) the assignee of the Landlord must receive and the Landlord must assign to the assignee all of its rights and obligations under this Agreement;
- (b) the assignee has entered into an agreement satisfactory to the Tenant confirming that such assignee is bound by all of the terms and provisions of this Agreement; and
- (c) the Tenant is satisfied that such assignee is capable of performing and satisfying all of the Landlord's obligations under this Agreement, including that the Tenant has received satisfactory financial and credit assurances from such assignee.

ARTICLE 13 DEFAULT

13.1 Whenever:

- (a) Tenant fails to pay any Basic Rent, Additional Rent or other amount required to be paid hereunder when due and the default is not cured within 60 days of

Landlord's subsequent written demand for payment;

- (b) Tenant fails to observe or perform any other obligation, agreement, term or condition contained herein on its part and fails to cure the default within 90 days of notice thereof from Landlord, or if the default cannot reasonably be cured within the said 90 day period, if Tenant does not commence within the 90 day period and thereafter proceed to take reasonable steps to cure same;
- (c) Tenant is adjudicated a bankrupt, or makes a proposal or an assignment in bankruptcy or otherwise, for the benefit of its creditors or commences proceedings under any winding-up act or becomes subject to, or takes the benefit of any other insolvency legislation;

then upon the occurrence of any such event and by the mere lapse of time for the performance of the obligation Tenant shall be in default and notwithstanding any provision to the contrary in law or in equity, Landlord, at its option, may terminate this Lease upon delivery of written notice by Landlord to Tenant (except for a default under clause (c) above, which shall result in an automatic termination without the giving of notice), without prejudice to Landlord's other rights and recourses.

13.2 Where Landlord elects to terminate the Lease as provided in this Article, after having sent the appropriate notice:

- (a) Tenant shall vacate and surrender the Premises and all of its rights thereto and shall release them to Landlord in a reasonable period of time, and Landlord may without notice or any form of legal process forthwith re-enter upon and take possession of the Premises, remove or cause to be removed therefrom any person occupying same together with any property therein; and
- (b) Landlord shall immediately be entitled to payment of the equivalent of Basic Rent, Additional Rent and utility charges then payable on a monthly basis up to the Lease termination date, and Landlord may immediately claim the same together with any arrears then unpaid and any other amounts owing to Landlord by Tenant.

13.3 Whenever Tenant defaults in the performance of any of its obligations under this Lease and does not rectify such defaults within the curative periods (if any) afforded Tenant pursuant to the other provisions of this Lease, then Landlord may perform any such obligation for the account of Tenant and may enter upon the Premises for that purpose without notice unless the contrary is specified in this Lease. Tenant shall pay to Landlord as Additional Rent, the amount of all costs, charges and expenses incurred by Landlord in connection with such defaults or in curing or attempting to cure such default.

13.4 If the Landlord defaults in the performance of any of its obligations under this Lease and ~~does not rectify such defaults within the curative periods (if any) afforded Landlord pursuant to~~ the other provisions of this Lease or is in breach of any representation or warranty hereunder, then Tenant shall have the right to perform or cause the same to be performed and to do or cause to be done such things as may be necessary or incidental thereto. Landlord shall pay Tenant on

demand, all reasonable payments, expenses, charges, fees and disbursements incurred or paid by Tenant or on behalf of Landlord. If the payment of any such indebtedness is overdue at any time, then in each instance the Tenant may, in addition to other remedies, offset the indebtedness against Basic Rent and Additional Rent hereunder by withholding the Basic Rent and Additional Rent and applying the amounts so withheld to the payment of the indebtedness.

13.5 If at any time the Landlord, after sixty (60) days' written notice from the Tenant, fails to remedy any violation or breach of a material representation, warranty, covenant, agreement or stipulation contained in this Lease on its part to be kept or performed, then and in any such case the Tenant, in addition to any other remedy now or hereafter provided by law or hereunder, may at its option terminate this Lease and be released of all obligations hereunder upon providing notice of termination to the Landlord.

13.6 No condoning, excusing or over-looking by Landlord or Tenant of any default by either party at any time in respect of any of its obligations herein contained shall operate as a waiver of either Party's rights hereunder in respect of any such default or any subsequent default or so as to defeat or affect in any way the rights of Landlord or Tenant herein in respect of any such default or subsequent default. No waiver shall be inferred from or implied by anything done or omitted to be done by Landlord or Tenant save only where such waiver is expressed in writing.

13.7 Mention in this Lease of any particular remedy or remedies of Landlord or Tenant in respect of any default by either party shall not preclude the other party from exercising any other remedy in respect thereof, whether pursuant to this Lease or pursuant to law. No remedy shall be exclusive or dependent upon any other remedy, but either Party may from time to time exercise any one or more of such remedies independently or in combination, such remedies being cumulative and not alternative.

ARTICLE 14 OPTIONS TO PURCHASE AND SUBDIVISION

14.1 In the event that the Gas Plant is decommissioned, or otherwise ceases operations for more than 12 consecutive months before the end of the Term, the Landlord shall, if so required by Tenant, assist Tenant in relocating the relevant equipment in the Gas Plant Control Room to the Premises (the "**Relocation**"), at the Tenant's cost, and the Landlord hereby grants to the Tenant the following options (collectively, the "**Options**"):

- (a) the option to purchase the Gas Plant's fuel gas system and all related equipment necessary to connect the Tenant's gas system (the "**Fuel Gas System**"), for the then fair market value of the Fuel Gas System, as determined in good faith by the Parties;
- (b) the option to purchase the Gas Plant's emergency generator and all related equipment (the "**Emergency Generator System**"), for the then fair market value of the Emergency Generator System, as determined in good faith by the Parties;
- (c) the option to purchase the underground electric lines connecting the Premises to the FortisAlberta Inc. electrical grid, including specifically, the electrical lines connecting the FortisAlberta Inc. transformer located on the Land to the

switchgear located on the Premises for \$1.00;

- (d) the option to purchase any phone and internet cabling located on the Land that is necessary for providing phone and internet connection to the Power Plant Facility for \$1.00;
- (e) the option to purchase any water pipes that may be built on the Land for the purpose of providing water access to the Premises for \$1.00;
- (f) the option, to purchase the Landlord's fee simple interest in all or any of the:
 - (i) Premises for \$1.00;
 - (ii) the Land upon which the drainage ditch serving the Premises is located for \$1.00;
 - (iii) the inlet separator building located on the Gas Plant Premises and the storage facility located south of the Premises, as well as the land upon which the inlet separator building and storage facility are located on for \$1.00;
 - (iv) the Administrative Building and the land it is located on for the then fair market value as determined in good faith by the Parties;

each of which Options may be exercised by the Tenant by delivering a written notice to the Landlord (the "**Election Notice**") and upon delivery of such Election Notice, an agreement of purchase and sale shall be constituted between Landlord as vendor and Tenant as purchaser on the terms and conditions more particularly set out in Schedule D attached hereto (the "**Option to Purchase Terms**"); and

- (g) in addition to the other specific Options set forth herein, an option to purchase any assets located on the Premises and owned by Landlord that Tenant requires to operate the Power Business, for the then fair market value as determined in good faith by the Parties;

14.2 In respect of the Options, unless otherwise specifically provided for herein:

- (a) the Tenant may exercise each of the Options individually or together, in the Tenant's sole and absolute discretion;
- (b) may be exercised or title taken to such property, asset or interest directly by the Tenant or through an Affiliate;
- (c) the transfer of the applicable property, asset or interest shall be completed ~~within sixty (60) days after the exercise of such Option by the Tenant, or such longer~~ time as is reasonably necessary to complete the transfer of such property, asset or interest;

- (d) in connection with the exercise of such Option, the Landlord shall grant any agreement, right license, easement, lease or similar rights as the Tenant may reasonably request to access, use and enjoy such assets.

14.3 In the event that one or more Subdivisions is required by Applicable Law or the Parties otherwise mutually determine, acting reasonably, that it is prudent or desirable to effect one or more Subdivisions, the Landlord and Tenant shall cooperate to obtain approval to such Subdivision from the appropriate Governmental Authority which does not materially adversely affect Tenant's rights hereunder or the ability to operate the Power Business. Upon Landlord's request, Tenant shall forthwith execute all consents, releases, waivers, discharges, priority agreements, postponement agreements, plans and any other documentation as may be reasonably required by the Landlord, in registrable form or otherwise, for the purpose of carrying out any such Subdivision. The cost of any such Subdivision shall be borne by the Tenant.

ARTICLE 15 RIGHT OF ENTRY

15.1 Landlord or its agents may during normal business hours without disturbing Tenant's peaceable enjoyment following a prior written notice of forty-eight (48) hours (or at any time during an apparent emergency) and on producing a written direction to that effect signed by the Landlord if the inspection is conducted by the Landlord's agents, enter the Premises:

- (a) up to two (2) times per year to examine the state or maintenance, repair, or replacement of the Premises and the Power Plant Facility and other equipment and fixtures contained therein and/or affixed thereto;
- (b) to show the Premises to prospective or actual purchasers, secured lenders or assignees of Landlord or to show the Premises to prospective tenants;
- (c) Landlord may at any time up to two (2) times per year, following a prior written notice of forty-eight (48) hours, inspect the Premises in order to verify if Tenant is in compliance with Applicable Laws, Environmental Laws and its environmental obligations under this Lease.
- (d) for any other purpose permitted by this Lease.

ARTICLE 16 INSURANCE AND INDEMNITIES

16.1 Throughout the Term, Tenant shall at its sole cost and expense maintain insurance policies (which may be included in a policy provided by an affiliate of Tenant designed to cover multiple entities) having the following insurance coverage:

- (a) ~~Comprehensive General Liability insurance in respect to the Premises and the Power Plant Facility and the operations of Tenant thereon with policy limits of not less than \$1,000,000.00 per occurrence and \$5,000,000.00 annual aggregate; and~~

- (b) All Risk Property coverage for Tenant's facilities, improvements, buildings, installations and equipment as applicable, with such coverages and in such amounts as a prudent tenant would insure.

The Landlord shall be identified as an additional insured in respect of the Power Plant Facility and the Premises and such coverage shall be primary with respect to Landlord, its employees, agents and servants;

16.2 All insurance required to be taken out and maintained pursuant to Section 16.1 shall be taken out on the following terms:

- (a) certificates of insurance evidencing the insurance policies described above shall be provided to Landlord upon execution of this Lease. All such policies shall be endorsed to provide Landlord with 60 days prior written notice of cancellation or material change;
- (b) the Tenant shall furnish to Landlord certificates of insurance referred to herein and insurance renewals upon request, but no more than once per year;
- (c) should Tenant fail to obtain or to maintain in full force and effect any or all insurance referred to in this Article, Landlord, upon 48 hours written notice shall have the right to take up such insurance with one or several companies of its choice, the whole at the expense of Tenant; and
- (d) upon request by Landlord, Tenant shall provide additional insurance if this is deemed necessary by Landlord, acting reasonably, due to change in conditions or type of activity conducted on the Premises or Power Plant Facility.

16.3 It is further understood and agreed that the policy limits do not define or limit Tenant's liability to indemnify Landlord as set forth herein in event of bodily injury or property damage.

16.4 Tenant shall indemnify and save harmless Landlord and its Affiliates and their directors, officers, employees and agents (collectively, the "**Landlord Related Parties**"), from and against all Losses suffered or incurred by Landlord and the Landlord Related Parties arising from or relating to:

- (a) any breach, violation or non-performance of any covenant or condition in this Lease to be fulfilled, kept, observed or performed by Tenant;
- (b) any injury to a person or persons (including death) caused by: (i) Tenant's use and occupation of the Premises; or (ii) the acts of Tenant, its servants, agents, employees, contractors, sublessees or others for whom it is in law responsible, resulting at any time therefrom, occurring in or about the Premises and the Power Plant Facility;
- (c) any injury to a person or persons (including death) or any damage to or impairment of property arising from the alleged or actual release of any Hazardous Substances caused by the Tenant, its servants, agents, employees, contractors, sublessees or others for whom it is in law responsible; and
- (d) the operations of the Tenant at the Premises and the Power Plant Facility including any environmental contamination or pollution of the Premises, Land or any other third party properties as a result of the presence of Hazardous

Substances in, on or under the Premises which have been brought onto the Premises or Land by Tenant or any person with its consent expressed or implied or which resulted from the operations of Tenant at the Premises and the Power Plant Facility.

16.5 Landlord shall indemnify and save harmless Tenant and its Affiliates and their directors, officers, employees and agents (collectively, the "**Tenant Related Parties**"), from and against all Losses suffered or incurred by Tenant and the Tenant Related Parties arising from or relating to:

- (a) any breach, violation or non-performance of any covenant or condition in this Lease to be fulfilled, kept, observed or performed by Landlord;
- (b) any injury to a person or persons (including death) caused by: (i) Landlord's use and occupation of the Premises; or (ii) the acts of Landlord, its servants, agents, employees, contractors, sublessees or others for whom it is in law responsible, resulting at any time therefrom, occurring in or about the Premises and the Power Plant Facility;
- (c) any injury to a person or persons (including death) or any damage to or impairment of property arising from the alleged or actual release of any Hazardous Substances caused by the Landlord, its servants, agents, employees, contractors, sublessees or others for whom it is in law responsible; and
- (d) the operations of the Landlord at the Premises and the Power Plant Facility including any environmental contamination or pollution of the Premises, Land or other third party properties as a result of the presence of Hazardous Substances in, on or under the Premises which have been brought onto the Premises or Land by Landlord or any person with its consent expressed or implied or which resulted from the operations of Landlord at the Premises and the Power Plant Facility.

ARTICLE 17 REPRESENTATIONS AND WARRANTIES OF LANDLORD

17.1 The Landlord represents and warrants as follows to the Tenant, with the understanding that such representations and warranties shall be the exclusive source of warranties or of similar rights for the benefit of the Tenant, and acknowledges that the Tenant is relying upon the representations and warranties in connection with this Lease:

- (a) **Organization and Power.** The Landlord is a limited partnership organized and existing under the Applicable Laws of its jurisdiction of organization and has the power to own and operate its property, carry on its business and enter into and perform its obligations under this Lease.
- (b) **Due Authorization.** The execution and delivery by the Landlord of this Lease, and the performance by the Landlord of its obligations hereunder, have been, or will be at or prior to the Effective Date, authorized by all necessary corporate action on the part of the Landlord and its general partner.
- (c) **No Conflict.** The execution and delivery by the Landlord of the Lease that it is a party hereto, and the performance by the Landlord of its obligations hereunder;

- (i) do not and will not constitute or result in a violation or breach of, or conflict with, or allow any Person to exercise any rights under, any of the terms or provisions of its constating documents;
 - (ii) do not and will not constitute or result in a breach of, or allow any Person to exercise any rights under any contract, license, lease or instrument that the Landlord is a party to;
 - (iii) do not and will not result in a breach of, or cause the termination or revocation of, any Consents, Licences and Permits held by the Landlord that is necessary for the lease of the Premises to the Tenant;
 - (iv) do not and will not result in the creation or imposition of any Encumbrance on the Premises; and
 - (v) do not and will not result in the material violation of any Applicable Laws.
- (d) **Regulatory Approvals.** Except as have already been obtained, or will be obtained on or prior to the Effective Date, no filing with, notice to, or authorization of any Governmental Authority is required on the part of the Landlord as a condition to the lawful completion of the transactions contemplated by this Lease on the terms and conditions set out herein where the failure to make the filing, give the notice or obtain the authorization would materially adversely affect the ability of any Party to consummate the transactions contemplated herein.
- (e) **Required Consents.** Except as have already been obtained, or will be obtained on or prior to the Effective Date, there is no requirement to obtain any consent, approval or waiver of a party under any contract, license, lease or instrument that the Landlord is a party to in connection with the lease of the Premises as contemplated by this Lease.
- (f) **Execution and Binding Obligation.** This Lease will be duly executed and delivered by the Landlord and constitutes a legal, valid and binding agreement of the Landlord enforceable against it in accordance with its terms, subject to any limitation under Applicable Laws relating to: (i) bankruptcy, winding-up, insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other laws of general application affecting the enforcement of creditors' rights; and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
- (g) **Site Map.** Schedule A is an accurate depiction of the portion of the lands located in High River, Alberta, and legally described in Schedule B to this Lease.
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- (h) **Real Property.** Landlord has good fee simple title, free and clear of all Encumbrances, except Permitted Encumbrances, to the Premises. Landlord has not leased or otherwise granted to any Person the right to use or occupy the

Premises or any portion thereof, except to the Tenant or pursuant to any Permitted Encumbrances. There are no unrecorded outstanding options, rights of first refusal to purchase the Premises or any portion thereof. Landlord has not received any written notice of (i) violations of building codes and/or zoning ordinances or other laws or regulations affecting the Premises, (ii) existing, pending or threatened expropriation proceedings affecting the Premises or (iii) existing, pending or threatened zoning, building code or other moratorium proceedings, or similar matters which would reasonably be expected to adversely affect the ability of the Tenant to operate the Premises.

- (i) **Litigation.** There are no actions, suits, appeals, claims, applications, investigations, orders, proceedings, grievances, arbitrations or alternative dispute resolution processes in progress, pending, or to the Landlord's knowledge, threatened against the Landlord, which prohibits, restricts or seeks to enjoin the lease contemplated by this Lease or which could have an adverse effect on the lease of the Premises.
- (j) **Compliance with Laws.** The Landlord is now complying, in all material respects, with all laws applicable to the conduct of the Power Business or the ownership and use of the Power Plant Facility. The Landlord is now complying, in all material respects, with all Licenses and Permits.
- (k) **Environmental Matters.**
 - (i) Landlord has provided or otherwise made available to Tenant and listed in Schedule C: (A) all material environmental reports, studies, audits, records, site assessments, risk assessments and other similar documents with respect to the Power Business or the Power Plant Facility which are in the possession or control of Landlord related to compliance with Environmental Laws or Environmental Liabilities or any notices in respect thereof or in respect of any releases of hazardous materials given by a Governmental Authority (the "**Environmental Reports**"); and (B) any and all material documents concerning planned or anticipated capital expenditures required to reduce, offset, limit or otherwise control pollution and/or emissions, manage waste or otherwise ensure compliance with current or future Environmental Laws (including, costs of remediation, pollution control equipment and operational changes).
 - (ii) The operations of Landlord with respect to the Power Business and the Power Plant Facility are currently in material compliance with all Environmental Laws. Landlord has not received from any Person, with respect to the Power Business or the Power Plant Facility, any: (A) notice in respect of or alleging any Environmental Liability or any violation, infraction or non-compliance with or under Environmental Law; or (B) ~~written request for information pursuant to Environmental Law, which, in~~ each case, either remains pending or unresolved, or is the source of ongoing obligations or requirements as of the date hereof.

- (iii) Landlord has obtained all Licenses and Permits related to Environmental Laws necessary for the conduct of the Power Business in or the ownership, operation or use of the Power Plant Facility, and all such Licenses and Permits are in full force and effect. Landlord is in material compliance with all such Licenses and Permits. There is no condition, event or circumstance that would reasonably be expected to prevent or impede the transferability of such Licenses and Permits to the Tenant.
- (iv) Other than as disclosed in the Environmental Reports, and to Landlord's knowledge, there has been no release of Contaminants in contravention of Environmental Law with respect to the Power Business or the Power Plant Facility, and Landlord has not received any notice that any of the Power Business or the Power Plant Facility (including soils, groundwater, surface water, buildings and other structure located on the Premises or relating to the Power Business) has been contaminated with any Contaminants which could reasonably be expected to result in an Environmental Liabilities against, or a material violation of Environmental Law or term of any License and Permit by, Landlord or Tenant.

ARTICLE 18 LEASEHOLD MORTGAGES AND SUBORDINATION

18.1 Notwithstanding anything else herein, Tenant shall be entitled to Mortgage its leasehold interest in the Premises: (i) with the prior written consent of Landlord (such consent not to be unreasonably withheld), provided that Tenant shall remain liable for the keeping, observing and performing of each and every of the provisions of this Lease to be kept, observed and performed by Tenant.

18.2 The Mortgagee of Tenant's leasehold interest in the Premises shall be entitled to register such Mortgage, together with any collateral security thereto, amendments or extensions thereof and notice of any postponements, non-disturbance agreements or other agreements related thereto, against Tenant's leasehold interest in the Premises.

18.3 Provided that Tenant is in compliance with Section 18.1, Landlord agrees to:

- (a) use reasonable efforts to deliver such confirmations, consents and other assurances as may reasonably be required by the Mortgagee in connection with such Mortgage; and
 - (b) enter into an agreement with the Mortgagee in connection with such Mortgage, in a form satisfactory to Landlord, acting reasonably, including provisions to the following effect:
 - (i) Landlord shall provide the Mortgagee with concurrent notice of any events of default by Tenant subject to and in accordance with the provisions of this Lease;
-

- (ii) the Mortgagee shall have an equal opportunity to cure or remedy any default of Tenant under and in accordance with the provisions of this Lease;
- (iii) in the event that the Mortgagee realizes upon its Mortgage by foreclosure, judicial sale or otherwise, Landlord shall at the request of the Mortgagee enter into an agreement in writing whereby Landlord agrees that Tenant's entire leasehold estate, right, title and interest in this Lease and the Premises have vested in the Mortgagee, and the Mortgagee shall assume and agree to be bound by and to keep, observe and perform each and every of the provisions of this Lease to be kept, observed and performed by Tenant;
- (iv) the Mortgagee shall acknowledge, assume and be bound by all of the provisions hereof on the part of Tenant to be observed and performed if the Mortgagee enters into ownership, possession or control of the Premises whether by appointment of a receiver, foreclosure, judicial sale, or otherwise; and
- (v) the Mortgagee shall provide a written covenant and agreement not to: (i) assign its rights under such Mortgage of Tenant's leasehold interest in the Premises or (ii) sell Tenant's leasehold interest in the Premises under the power of sale conditions contained in such Mortgage or otherwise, except on the condition that the assignee or transferee (A) is capable of performing and satisfying all of Tenant's obligations hereunder and (B) shall have executed and delivered to Landlord an agreement to be bound by all of the provisions hereof on the part of Tenant to be observed and performed, in which event the original Mortgagee shall be released from all of its liabilities and obligations under this Lease;

in each case, such agreements, confirmations, consents and other assurances shall be in a form and contain such other terms and conditions as approved by Landlord, such approval not to be unreasonably withheld, conditioned or delayed.

18.4 Each Party, shall within ten (10) Business Days following receipt of a written request from the other Party, execute and deliver to such requesting Party, or to any actual or proposed Mortgagee, a statement or certificate to the best of its knowledge in such reasonable form as requested by the requesting Party stating (if such is the case, or stating the manner in which such may not be the case): (i) that this Lease is unmodified and in full force and effect; (ii) the Commencement Date and expiry of the Term and the dates to which Basic Rent and Additional Rent, including any prepaid rent, has been paid; (iii) whether or not there is any existing default by either Landlord or Tenant under this Lease and, if so, specifying such default in reasonable detail; and (iv) containing such other terms and conditions therein as reasonably requested by the requesting Party.

ARTICLE 19 MISCELLANEOUS

19.1 Any notice pursuant to or in connection with this Lease shall be in writing and either

served or delivered personally or mailed by registered or certified mail or by facsimile. Any such notice shall be deemed to have been received either on the date of the service or on the third business day following the date of the mailing. The addresses for the purpose of receiving such notices are as follows:

(a) If to Landlord, to:

MFC Processing Partnership
Suite 400 -1035 7th Avenue SW
Calgary, Alberta
T2P 3E9

Attention: President of General Partner
Fax: 403-652-1369

(b) If to Tenant, to:

MFC Power Limited Partnership
Suite 400 -1035 7th Avenue SW
Calgary, Alberta
T2P 3E9

Attention: President of General Partner
Fax: 403-652-1369

19.2 This Lease shall enure to the benefit of and be binding upon the parties hereto and their respective executors, legal representatives, successors, permitted transferees and assigns.

19.3 This Lease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument. The headings contained in this Lease are for reference purposes only and shall not affect the meaning or interpretation of this Lease.

19.4 This Lease shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and the parties attorn to the exclusive jurisdiction of the Court of Queen's Bench of Alberta in relation to any matters relating to this Lease.

19.5 The Transaction Documents constitute an entire agreement among the Parties and set out all of the covenants, promises, warranties, representations, conditions, understandings and agreements among the Parties pertaining to the subject matter of the Transaction Documents and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written. This Lease may not be amended except by a written agreement signed by Landlord and Tenant.

19.6 The Tenant may register this Lease, a caveat giving notice of this Lease or a short form of this Lease against the title to the Premises in the Land Title Office in the name of the Tenant. On request and at the sole expense of the Tenant, the Landlord shall provide this Lease, a caveat

giving notice of this Lease or a short form of this Lease to the Tenant in registrable form. Where the Tenant considers it beneficial to register more than one document to evidence its benefits, interests and rights under this Lease (including with respect to any specific instrument in respect of an Easement), then the Tenant may do so at its sole expense. In the event that this Lease is not registrable, the Landlord shall, at the request of Tenant, make all reasonable efforts to assist the Tenant in effecting and registering one or more other instruments evidencing all of the Tenant's benefits, interests and rights under this Lease.

19.7 Unless the context dictates otherwise, the singular number shall include the plural; the masculine will include the feminine and neuter and vice versa in all cases.

19.8 If for any reason whatsoever any term, obligation or condition of this Lease, or the application thereof to any person, firm or corporation or circumstance, is to any extent held or rendered invalid unenforceable or illegal, then such term, obligation or condition:

- (a) shall be deemed to be independent of the remainder of the Lease and to be severable and divisible therefrom, and its invalidity, unenforceability or illegality shall not affect, impair or invalidate the remainder of this Lease or part thereof; and
- (b) the remainder of the Lease not affected, impaired or invalidated will continue to be applicable and enforceable to the fullest extent permitted by law against any person, firm or corporation or circumstance other than those as to which it had been held or rendered invalid, unenforceable or illegal.

19.9 Schedules A, B, C, and D shall form an integral part of this Lease.

19.10 Save for Tenant's monetary obligations and subject to Tenant being provided with peaceable enjoyment of Premises, neither Landlord nor Tenant shall be liable for failure to perform any of its obligations hereunder, or for damage or loss to the other party if such failure, damage or loss is caused by Acts of God or of the Queen's enemies, fire or other causality, war, disaster, riots, strikes, lock-outs, force majeure or any party or other emergency or cause beyond the reasonable control of either party.

19.11 The expiry or termination of this Lease shall not relieve any Party of any rights, liabilities or obligations that by their nature survive expiry or termination including warranties, remedies, indemnities and obligations of confidentiality or environmental compliance, or that arose prior to the expiry or termination of this Lease.

19.12 Tenant and Landlord declare that no broker or agent was involved in the negotiation, conclusion or execution of this Lease. Tenant shall be solely responsible for any claim made by any broker or agent with regards to any commission payable in connection with this Lease.

19.13 The Landlord is registered for the purposes of Part IX of the ETA and has been assigned registration number 77614-0300-RT0001

19.14 The Tenant is registered for the purposes of Part IX of the ETA and has been assigned registration number 80681 1568 RT0001.

ARTICLE 20
LANGUAGE

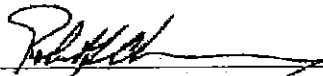
20.1 The parties acknowledge that they have required that this Lease and all related documents and correspondence be prepared in English.

[Signature page follows.]

IN WITNESS WHEREOF the parties have executed this Lease as of the date first mentioned above.

The parties have executed this Lease.

MFC PROCESSING PARTNERSHIP, by its
General Partner, MPP LTD.

By: 
Name: Robert Chenery
Title: Director and Executive Chairman

MFC POWER LIMITED PARTNERSHIP, by its
General Partner, MFC POWER GENERAL
PARTNER LTD.

By: _____
Name:
Title:

MPP LTD.

By: 
Name: Robert Chenery
Title: Director and Executive Chairman

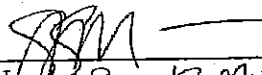
IN WITNESS WHEREOF the parties have executed this Lease as of the date first mentioned above.

The parties have executed this Lease.

MFC PROCESSING PARTNERSHIP, by its
General Partner, MPP LTD.

By: _____
Name:
Title:

MFC POWER LIMITED PARTNERSHIP, by its
General Partner, MFC POWER GENERAL
PARTNER LTD.

By:  _____
Name: Samuel S. Morrow
Title: Director

MPP LTD.

By: _____
Name:
Title:

SCHEDULE A

(the "Premises")

(See attached)



MFC RESOURCE PARTNERSHIP

MFC Mazappa Plant Site
Facility Plan Showing
Area 'A' (Power Plant Site)
Area 'B' (Future Expansion Site)

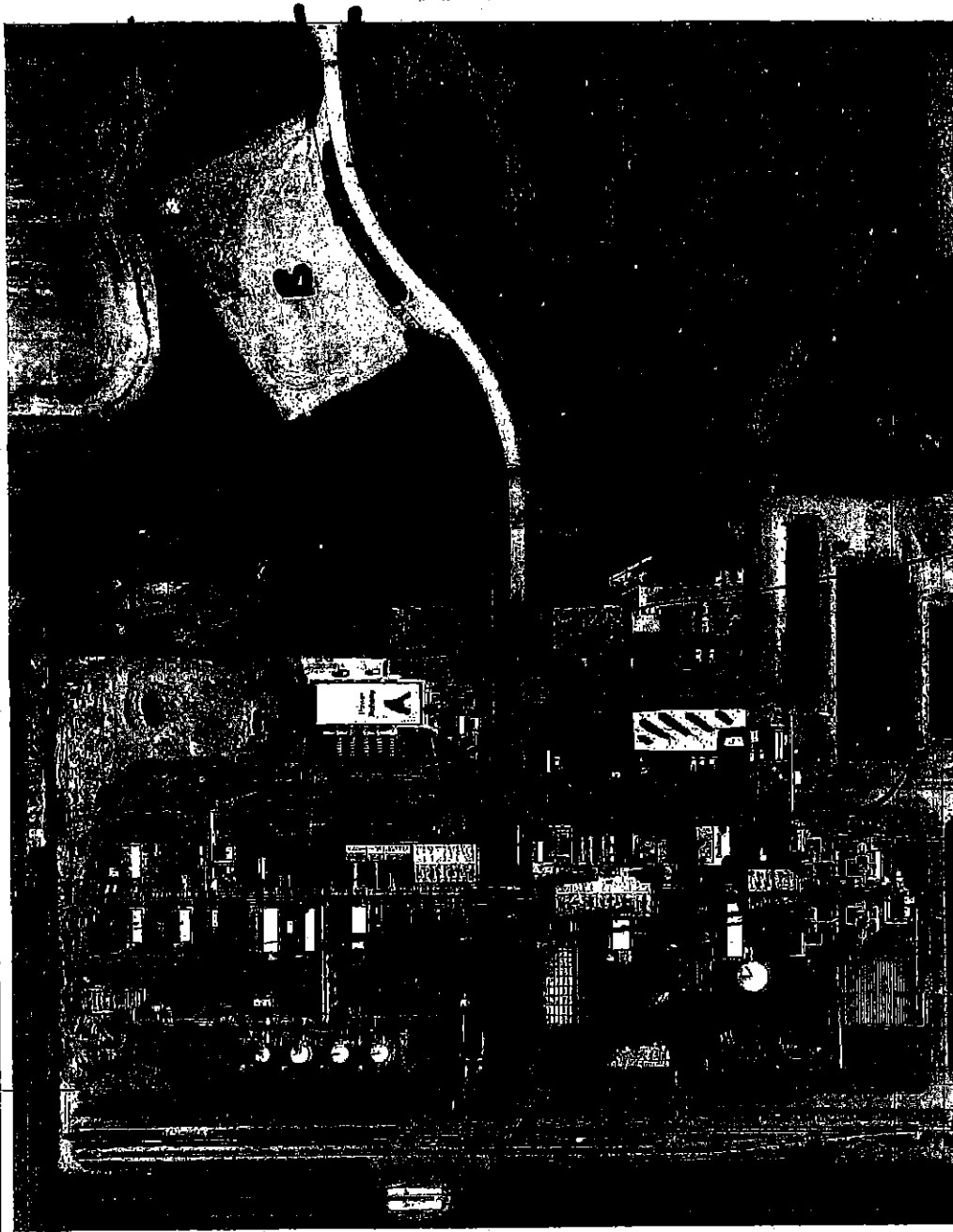
In
S.E. 1/4 Section 35,
Township 19, Range 28, W. 4th Meridian
Municipal District of Foothills No. 31
Alberta

Scale 1:1000

PRELIMINARY



Rev.	Description	Date	By	Check	Scale	Sheet
1	Initial					1 of 1
2	Revised					2 of 2
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Administrative Building

Radio Antennae

Control Room

PLAN No. _____
 ENTERED AND REGISTERED
 ON _____
 INSTRUMENTING _____
 A.D. Registrar
 Land Title Office

Notes

1. Area affected by this plan is shown bounded there.
2. Measurements in Meters and centimeters.
3. All dimensions are horizontal unless otherwise stated.
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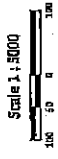
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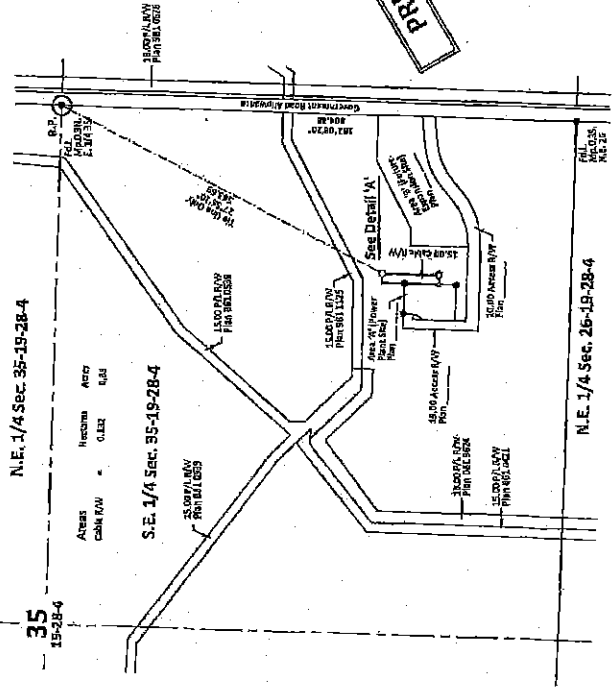
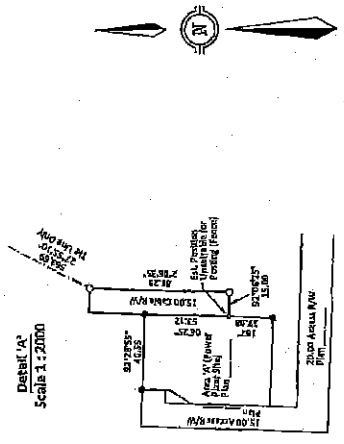
Surveyor: Arthur M. Miller, A.L.S.
 Surveyed on the date of November 26th, 2015
 In accordance with the provisions of the Survey Act.

MFC RESOURCE PARTNERSHIP

Plan Showing Survey of
 Cable Right - of - Way
 within
 S.E. 1/4 Section 35,
 Township 19, Range 28, W. 4th Meridian
 Municipal District of Foothills No. 31
 Alberta



No.	Particulars	Field	Book	Page	Sheet	Drawn	By	Checked	By
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PRELIMINARY

SCHEDULE B

(the "Land")

Meridian 4 Range 28 Township 19

Section 35

Quarter South East

Excepting Thereout All Mines and Minerals

Area: 64.7 Hectares (160 Acres) More or Less

SCHEDULE C

Environmental Reports

1. Letter from Stantec Consulting Ltd. to Compton Petroleum Corporation, dated August 1, 2013, re: Mazeppa Gas Processing Facility Large Facility Liability 2013 Update.
2. Mazeppa Gas Plant Asset Retirement Obligations Assessment Final Report dated December 2014, authored by Stantec Consulting Ltd.

SCHEDULE D
PURCHASE TERMS

Upon the delivery of an Election Notice in accordance with the provisions of Section 14.1 of this Lease, a binding agreement between Landlord and Tenant shall be constituted whereby the Tenant shall purchase, of the Landlord's fee simple interest in: (i) the Premises; (ii) the portion of the Land upon which the drainage ditch serving the Premises is located; (iii) the inlet separator building located on the Gas Plant Premises and the storage facility located south of the Premises as well as the land upon which the inlet separator building and storage facility are located; or (iv) the Administrative Building and the land it is located, as the case may be, on the following terms and conditions:

1. PURCHASE PRICE

If the Option is exercised in respect of the Premises, the Purchase Price shall be \$1.00.

If the Option is exercised in respect of the portion of the Land upon which the drainage ditch serving the Premises is located, the Purchase Price shall be \$1.00.

If the Option is exercised in respect of the the inlet separator building located on the Gas Plant Premises and the storage facility located south of the Premises, as well as the land upon which the inlet separator building and storage facility are located, the Purchase Price shall be \$1.00.

If the Option is exercised in respect of the Administrative Building and the land it is located, the Purchase Price is the then fair market value as determined in good faith by the Parties.

The Purchase Price does not include the Goods and Services Tax (the GST) which may apply to such transaction. The Tenant warrants that it is a registrant under the Goods and Services Tax legislation and that it may self-assess and remit such applicable GST, failing which, it will pay for any outstanding GST if applicable as a result of this transaction.

2. SUBDIVISION

2.1 If, on the date that Tenant delivers the Election Notice in accordance with the provisions of Section 14.1 of this Lease, the Subdivision has not occurred, Tenant shall, promptly after delivery of the Election Notice, use its commercially reasonable efforts to effect the Subdivision and diligently prosecute the Subdivision to completion, in accordance with the terms of Section 14.3 of this Lease.

2.2 The obligation of the Parties to complete the purchase and sale of such portion of the Lands as in accordance herewith is subject to the condition precedent that the applicable Subdivision has been registered at the Land Titles Office on or before the Closing Date (as hereinafter defined), provided however, if the Parties are making reasonable good-faith efforts to satisfy this condition but such Subdivision has not been registered by the Closing Date, either Party may extend the Closing Date by one hundred twenty (120) days by delivering written notice to other Party prior to the original Closing Date. If the Subdivision has not been registered at the Land Titles Office by the Closing Date (as such date may be extended) the Parties shall be relieved of their obligation to complete the purchase of such portion of the Lands affected by such Subdivision, provided however, in such instance the provisions of Article 3 of these Purchase Terms shall apply.

3. LEASE FALLBACK EXTENSION TERMS

3.1 Subject to the Subdivision condition set forth in Section 2.2 of these Purchase Terms not being satisfied in respect of the Premises or at the Tenant's option, any other portion of the Lands then subject to a Subdivision, the Term shall be extended as follows:

- (a) the Term shall be automatically extended for one ten (10) year period effective as of the expiry of the Initial Term or then current Renewal Term (the "**First Fallback Extension Term**") without the necessity of any written notice to the Landlord; and
- (b) thereafter, Tenant may extend the Term for a maximum of three (3) consecutive ten (10) year periods (together with the First Fallback Extension Term, each a "**Fallback Extension Term**"), beyond the then applicable Fallback Extension Term, by the provision of written notice to Landlord, such notice to be provided not less than three (3) years prior to the expiration of the then effective Fallback Extension Term.

3.2 Each Fallback Extension Term shall be upon the terms and subject to all the provisions of this Lease, *mutatis mutandis*, except that:

- (a) the Basic Rent for each Fallback Extension Term shall be the then applicable Fair Market Rent; and
- (b) there shall be no further right to renew or extend the Term beyond the expiration of the fourth (4th) Fallback Extension Term.

"**Fair Market Rent**" means the fully net Basic Rent for the Premises (without regard to the Power Plant or any other improvements) as of the date of commencement of each such Fallback Extension Term which would be achieved as a result of a bona fide bargaining between a willing landlord and a willing tenant, both having reasonable knowledge of the relevant facts, if then offered for rent in the open market in competition with other similar properties at or near the location of the Premises and as if the Premises were vacant or undeveloped, without any discount to the rent due to any environmental conditions directly attributable to Tenant's operation of the Power Plant. For further clarity, the Fair Market Rent shall be determined by Landlord submitting to Tenant the Landlord's proposed Fair Market Rent within forty-five (45) days following the commencement of the First Fallback Extension Term in the case of the First Fallback Extension Term and within forty-five (45) days following the delivery of the Tenant's written notice of its exercise of any other Fallback Extension Term. If Landlord and Tenant cannot agree on the Fair Market Rent for the applicable Fallback Extension Term within sixty (60) days following the initial delivery of the Landlord's proposed Fair Market Rent, the same shall be resolved by arbitration in accordance with this Lease.

3.3 If the Fair Market Rent for a Fallback Extension Term has not been settled by the commencement of such Fallback Extension Term, Tenant shall pay, as Basic Rent, the amount payable during the last year of the Term immediately preceding such Fallback Extension Term and when a final determination has been made by the Parties or by arbitration, then the Parties shall promptly make the appropriate adjustments.

4. CLOSING

4.1 Subject to the Subdivision condition set forth in Section 2.2 of these Purchase Terms being satisfied, the closing of the purchase transaction shall be 12:00 p.m., Alberta time on the

day which is 30 days following the date on which the Subdivision occurs (or such other date as agreed between the Parties), which shall be referred to as the "**Closing Date**".

4.2 Landlord shall deliver to Tenant, in a reasonable time to allow confirmation of registration of the transfer of land prior to the Closing Date and upon reasonable trust conditions consistent with these Purchase Terms, the following documents:

- (a) a registrable transfer, in fee simple, for the applicable portion of the Lands transferring such portion of the Lands to the Tenant or to such other corporation or nominee as the Tenant may in writing direct;
- (b) a surrender of the Lease;
- (c) such other transfers, assignments and documents relating to the completion of the transaction contemplated by these Purchase Terms as are customary for similar transactions and are reasonably required to transfer ownership of the applicable portion of the Lands from Landlord to Tenant.

4.3 On the Closing Date, Tenant shall provide to Landlord the following documents:

- (a) a solicitor's trust cheque, certified cheque or bank draft in the amount of the Purchase Price, subject to the adjustments set out herein;
- (b) a surrender of the Lease;
- (c) a GST undertaking and indemnity of the Tenant to self-assess the applicable GST; and
- (d) such other transfers, assignments and documents relating to the completion of the transaction contemplated by these Purchase Terms as are customary for similar transactions and are reasonably required to transfer ownership of the applicable portion of the Lands from Landlord to Tenant.

4.4 On closing, Landlord shall provide vacant possession of the applicable portion of the Lands with good and marketable title, free from all encumbrances except for the Permitted Encumbrances and such other encumbrances as Tenant agrees, acting reasonably, can remain on title.

4.5 The closing procedure to be followed shall in all respects follow the usual procedure for closing commercial real estate transactions in the City of Calgary including the delivery of the documents referred to herein on such reasonable trust conditions as would customarily be imposed in a similar transaction.

5. ADJUSTMENTS

5.1 Landlord and Tenant shall adjust all expenses and normal adjustments on the Closing Date in accordance with the usual procedure for the sale of similar commercial properties in the City of Calgary. The parties undertake with each other to make post-closing re-adjustments as required.

6. NOTICE

6.1 Any notice or waiver or other documents, required or permitted to be given hereunder, if any, shall be given in accordance with the Lease.

7. LANDLORD NOT A NON-RESIDENT

7.1 Landlord will represent and warrant to Tenant, as at the Closing Date, that it is not, nor is it acting as the agent or trustee of a non-resident of Canada within the meaning of the Income Tax Act of Canada.

GENERAL ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS AGREEMENT is made as of the 7th day of December, 2015.

BETWEEN:

MFC PROCESSING PARTNERSHIP, a limited partnership organized under the laws of Alberta with an office at Suite 400 - 1035 7th Avenue SW, Calgary, Alberta, T2P 3E9

(the "Assignor")

AND:

MFC POWER LIMITED PARTNERSHIP, a limited partnership organized under the laws of the Province of British Columbia, having an office at Suite 400 - 1035 7th Avenue SW, Calgary, Alberta, T2P 3E9

(the "Assignee")

WHEREAS:

- A. On August 31, 2015 the Purchaser and the Vendor entered into an asset purchase agreement (the "**Asset Purchase Agreement**") pursuant to which the Vendor has agreed to sell, assign and transfer to the Purchaser, and the Purchaser has agreed to purchase from the Vendor, the Purchased Assets (as defined in the Asset Purchase Agreement); and
- B. The Purchased Assets include certain contractual rights and obligations, and the parties have agreed to enter into this Agreement to effect the assignment and assumption of the same from the Vendor to the Purchaser.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants herein contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto covenant and agree as follows:

1. INTERPRETATION

- 1.1 Capitalized terms used in this Agreement, unless otherwise defined, have their respective meanings as set forth in the Asset Purchase Agreement, unless the context of this Agreement otherwise requires.
- 1.2 This Agreement is made pursuant to and subject to the provisions of the Asset Purchase Agreement, and in the event of any conflict or inconsistency between the terms and conditions of the Asset Purchase Agreement and the terms and conditions hereof, the terms and conditions of the Asset Purchase Agreement shall prevail.

2. GENERAL ASSIGNMENT

- 2.1 The Vendor hereby absolutely transfers, assigns, conveys and sets over to the Purchaser, effective as of 12:01 a.m. on the Effective Date, such of the Purchased Assets which are assignable or which may be conveyed (collectively, the "**Assigned Assets**") and all rights, benefits and advantages derived or to be derived therefrom, to have and to hold unto the Purchaser, its successors and assigns, to its exclusive use forever, with full power to the Purchaser to take all measures for the full recovery and enjoyment of the rights and provisions which are the subject thereof, as the Vendor, for this Agreement, might itself have taken.

3. ASSUMPTION

- 3.1 At the Effective Time, the Purchaser shall assume and be responsible for the Assumed Liabilities (as defined in the Asset Purchase Agreement) and the Purchaser shall also assume and be responsible for:

- (a) Environmental Obligations - all obligations and liabilities of the Vendor relating to the environmental condition of the Purchased Assets or the operation of the business, regardless of whether such condition arose prior to the Effective Time;
- (b) Obligations Relating to the Power Business - the performance, fulfillment and payment of all obligations, commitments and liabilities which are to be performed or fulfilled in respect of the following:
 - (i) the Permitted Encumbrances;
 - (ii) the Contracts and the Licences and Permits; and
 - (iii) the operation of the Power Business in the normal course; and
- (c) Other Obligations - all covenants, conditions, indebtedness, liabilities and obligations of the Vendor relating to the Power Business whatsoever, assumed, created, incurred or otherwise made, whether voluntary or involuntary and however arising, whether due or not due, liquidated or unliquidated, determined or undetermined, absolute or contingent, express or implied on another individual or joint or joint and several with others, on or before the Effective Time or arising after the Effective Time from any circumstance, condition, event or fact existing at or arising before the Effective Time, including those contained in or arising as a result of the transfer or assignment of any Contract and including those relating to warranty obligations in respect of any Intellectual Property Right or licenced by Vendor to third parties on or before the Effective Time.

For greater certainty, the Purchaser shall not assume or be responsible for the Excluded Liabilities.

4. REQUIRED CONSENTS

4.1 Where a consent or approval of a third party (the "**Required Consent**") is required to permit the assignment by the Vendor, and concurrent assumption by the Purchaser, of any of the Assigned Assets, the assignment and assumption of those Assigned Assets in respect of which the required consent or approval has not been received on or before the Effective Date (the "**Retained Rights and Benefits**") shall not be effective in each case until the applicable consent or approval has been received.

4.2 Until such time as the Required Consent has been obtained with respect to any of the Retained Rights and Benefits, it shall be held by the Vendor following the Effective Date in trust for the benefit and exclusive use of the Purchaser.

5. **FURTHER ASSURANCES**

5.1 Each of the parties shall, from time to time, execute and deliver such further documents, transfers, assignments, assurances and instruments and do such further acts and things as may be reasonably required for the better carrying out of the provisions and intent of this Agreement, including, without limitation, executing and delivering separate assignment and assumption agreements directly with persons which are required as a condition of consent or approval in connection with the transfer or assignment and assumption of any of the Assigned Assets to the Purchaser. Where any of the Assigned Assets are not transferable by assignment, transfer or conveyance, each of the parties shall execute and deliver such further documents, transfers, assignments, assurances and instruments and do such further acts and things as may be reasonably required for the purpose of novating or otherwise transferring the Assigned Assets to the Purchaser.

6. **ENUREMENT**

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

7. **GOVERNING LAW**

7.1 This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

8. **FACSIMILE AND COUNTERPARTS**

8.1 This Agreement may be executed in any number of counterparts with the same effect as if all parties had signed the same document. All counterparts will constitute one and the same agreement. This Agreement may be executed and transmitted by facsimile or electronic transmission and if so executed and transmitted this Agreement will be for all purposes as effective as if the parties had delivered an executed original Agreement.

[The remainder of this page is intentionally blank.]

IN WITNESS WHEREOF the parties have executed this Agreement with effect as of the date first written above.

MFC PROCESSING PARTNERSHIP, by
its general partner **MPP LTD.**

By: _____

Name: Robert Chenery

Title: Director and Executive Chairman

MFC POWER LIMITED PARTNERSHIP,
by its general partner **MFC POWER**
GENERAL PARTNER LTD.

By: _____

Name: _____

Title: _____

IN WITNESS WHEREOF the parties have executed this Agreement with effect as of the date first written above.

MFC PROCESSING PARTNERSHIP, by
its general partner **MPP LTD.**

By: _____

Name: _____

Title: _____

MFC POWER LIMITED PARTNERSHIP,
by its general partner **MFC POWER**
GENERAL PARTNER LTD.

By: SSM _____

Name: Samuel S. Morrow _____

Title: Director _____

BILL OF SALE ABSOLUTE
PERSONAL PROPERTY

THIS BILL OF SALE is made as of the 7th day of December, 2015.

BETWEEN:

MFC PROCESSING PARTNERSHIP, a limited partnership
organized under the laws of Alberta with an office at Suite 400 –
1035 7th Avenue SW, Calgary, Alberta, T2P 3E9;

(the "Vendor")

AND:

MFC POWER LIMITED PARTNERSHIP, limited partnership
organized under the laws of Alberta with an office at Suite 400 –
1035 7th Avenue SW, Calgary, Alberta, T2P 3E9;

(the "Purchaser")

WHEREAS:

- A. Pursuant to an agreement between the Vendor and the Purchaser made August 31, 2015 (the "Asset Purchase Agreement"), the Vendor and the Purchaser agreed, among other things, to the sale to the Purchaser of the Vendor's interest in the Personal Property (as defined in the Asset Purchase Agreement); and
- B. This Bill of Sale is made pursuant to the provisions of the Asset Purchase Agreement.

NOW THEREFORE THIS BILL OF SALE WITNESSES that in consideration of the mutual covenants herein contained and other good and valuable consideration (the receipt and sufficiency of which the Vendor hereby acknowledges):

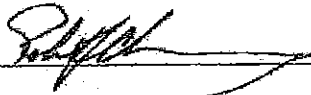
- 1. The Vendor hereby sells, assigns, transfers and sets over to the Purchaser all of its interest in the Personal Property and all the right, title, interest, property, claim and demand of the Vendor thereto and therein.
- 2. This Bill of Sale is made pursuant to and subject to the provisions of the Asset Purchase Agreement and, in the event of any conflict or inconsistency between the terms and conditions of the Asset Purchase Agreement and the terms and conditions hereof, the terms and conditions of the Asset Purchase Agreement shall prevail.
- 3. Each of the parties will at all times hereafter execute and deliver, at the request of the other, all such further documents and instruments and will do and perform all such acts as may be necessary to give full effect to the intent and meaning of this Bill of Sale.
- 4. This Bill of Sale will enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

5. This Bill of Sale will be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.
6. This Bill of Sale may be executed originally or by facsimile or electronic transmission and in any number of counterparts, and each executed counterpart will be considered an original. All executed counterparts taken together will constitute this Bill of Sale.

[The remainder of this page is intentionally blank.]

IN WITNESS WHEREOF the Vendor and the Purchaser have executed this Bill of Sale on the day and year first above written.

MFC PROCESSING PARTNERSHIP, by
its general partner, **MPP LTD.**

By: 

Name: Robert Chenery

Title: Director and Executive Chairman

MFC POWER LIMITED PARTNERSHIP,
by its general partner, **MFC POWER**
GENERAL PARTNER LTD.

By: _____

Name: _____

Title: _____

IN WITNESS WHEREOF the Vendor and the Purchaser have executed this Bill of Sale on the day and year first above written.

MFC PROCESSING PARTNERSHIP, by
its general partner, **MPP LTD.**

By: _____

Name: _____

Title: _____

MFC POWER LIMITED PARTNERSHIP,
by its general partner, **MFC POWER**
GENERAL PARTNER LTD.

By: SSM _____

Name: Samuel S. Morrow _____

Title: Director _____

CERTIFICATE OF OFFICER

OF

MPP LTD.

as general partner of

MFC PROCESSING PARTNERSHIP

(the "**Partnership**")

TO: MFC Power Limited Partnership (the "**Purchaser**")

RE: Asset Purchase Agreement between the Partnership and the Purchaser dated August 31, 2015 (the "**APA**")

This certificate is given pursuant to Subsection 8.3(x) of the APA. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the APA.

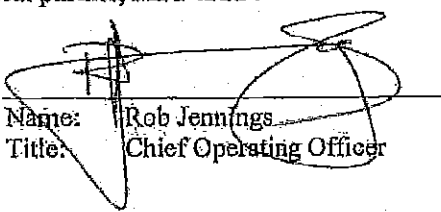
I, Robert Jennings, Chief Operating Officer of MPP Ltd. (the "**General Partner**"), hereby certify on behalf of the General Partner in its capacity as general partner of the Partnership, and not in my personal capacity and without personal liability that:

1. The representations and warranties of the Partnership contained in the APA are true and correct as at the date hereof in all material respects, other than those subject to a materiality qualifier, which are true in all respects, with the same force and effect as if made on and as at the date hereof, except to the extent that any such representation and warranty expressly speaks as of a particular date, in which case such representation and warranty shall be true and correct in all material respects as of such date; and
2. The Partnership has performed, in all material respects, all obligations required to be performed by them under the APA at or prior to the time of Closing.

[Signature page follows.]

DATED: this 7th day of December, 2015.

MFC PROCESSING PARTNERSHIP, by its
general partner, **MPP LTD.**

Per: 

Name: Rob Jennings

Title: Chief Operating Officer

CERTIFICATE OF DIRECTOR

OF

MFC POWER GENERAL PARTNER LTD.
as general partner of
MFC POWER LIMITED PARTNERSHIP
(the "**Partnership**")

TO: MFC Processing Partnership (the "**Vendor**")

RE: Asset Purchase Agreement between the Partnership and the Vendor dated August 31, 2015 (the "**APA**")

This certificate is given pursuant to Subsection 8.4(ix) of the APA. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the APA.

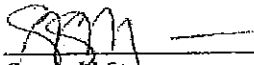
I, Samuel Morrow, a director of MFC Power General Partner Ltd. (the "**General Partner**"), hereby certify on behalf of the General Partner in its capacity as general partner of the Partnership, and not in my personal capacity and without personal liability that:

1. The representations and warranties of the Partnership contained in the APA are true and correct as at the date hereof in all material respects, other than those subject to a materiality qualifier, which are true in all respects, with the same force and effect as if made on and as at the date hereof, except to the extent that any such representation and warranty expressly speaks as of a particular date, in which case such representation and warranty shall be true and correct in all material respects as of such date; and
2. The Partnership has performed, in all material respects, all obligations required to be performed by it under the APA at or prior to the time of Closing.

[Signature page follows.]

DATED: this 7th day of December, 2015.

MFC POWER LIMITED PARTNERSHIP,
by its general partner, MFC POWER
GENERAL PARTNER LTD.

Per: 
Samuel Morrow
Director

RECEIPT

TO: MFC POWER LIMITED PARTNERSHIP

FROM: MFC PROCESSING PARTNERSHIP

RE: Payment of Purchase Price

The undersigned, MFC Processing Partnership ("MFCPP"), hereby acknowledges and confirms receipt of the Purchase Price, including a cash payment of CDN\$14,414,194.00 from MFC Power Limited Partnership pursuant to Section 2.4 of the Asset Purchase Agreement, representing full and final payment of the balance of the Purchase Price owing.

Capitalized terms used but not defined herein shall have the meanings assigned thereto in the Asset Purchase Agreement dated August 31, 2015 between MFCPP and MFC Power Limited Partnership.

[Signature page follows.]

DATED this 7th day of December, 2015.

MFC PROCESSING PARTNERSHIP, by
its general partner, MPP LTD.


Authorized Signatory

DIRECTORS' RESOLUTIONS

THE FOLLOWING RESOLUTIONS WERE PASSED BY ALL OF THE DIRECTORS OF MPP LTD. (THE "CORPORATION"), AS GENERAL PARTNER FOR AND ON BEHALF OF MFC PROCESSING PARTNERSHIP (THE "PARTNERSHIP") HAVING BEEN CONSENTED TO IN WRITING BY ALL OF THE DIRECTORS OF THE CORPORATION, EFFECTIVE AS OF THE 7th DAY OF December, 2015.

WHEREAS:

- A. The Partnership, wishes to provide a loan in the principal amount of fourteen million four hundred and fourteen thousand one hundred and eighty Canadian dollars (CAD\$14,414,180) (the "MRP Loan") to MFC Resource Partnership ("MRP"), to be evidenced by a promissory note by MRP to and in favour of the Partnership (the "MRP Note"), payable on demand, in substantially the form presented to the board of directors of the Corporation (the "Board");
- B. The Partnership, wishes to provide a loan in the principal amount of fourteen dollars (CAD\$14) (the "MPP Loan", and together with the MRP Loan, the "Loans") to the Corporation, to be evidenced by a promissory note by the Corporation to and in favour of the Partnership (the "MPP Note", and together with the MRP Note, the "Notes"), payable on demand, in substantially the form presented to the Board; and
- C. The Board has determined that it is in the best interests of the Corporation, as general partner for and on behalf of the Partnership, to approve the Loans and the Notes and to enter into, execute and deliver all agreements, documents and instruments in writing contemplated and required in connection, therewith, and to perform all of the obligations thereunder.

BE IT RESOLVED THAT:

- 1. The Loans be, and are hereby, approved;
- 2. The Notes, in substantially the form presented to the Board, be, and are hereby, approved;
- 3. Any one officer or director of the Corporation, as general partner for and on behalf of the Partnership (the "Authorized Person") be, and is hereby, authorized and directed to execute and deliver all agreements, instruments and documents which are the subject of the foregoing resolutions, in the name and on behalf of the Corporation, as general partner for and on behalf of the Partnership, under its corporate seal or otherwise, in the form presented to the Board of the Corporation with such changes, modifications and amendments thereto as such Authorized Person may in such person's discretion approve, which approval shall be conclusively evidenced by the execution and/or delivery of such agreements; instruments and documents and, to the extent that any such agreements, instruments and documents were executed and delivered prior to the date hereof, the execution and delivery thereof by any such Authorized Person be, and is hereby, approved, ratified, and confirmed;

4. The Authorized Person be, and is hereby, authorized and directed to take all such further actions, execute and deliver such further agreements, instruments and documents in writing and do all such other acts and things as in such person's opinion may be necessary or desirable in the name of and on behalf of the Corporation, as general partner for and on behalf of the Partnership, under its corporate seal or otherwise, to give effect to, and carry out the intent of, the foregoing resolutions, which opinion shall be conclusively evidenced by the taking of such further actions, the execution and delivery of such further agreements, instruments and documents and the doing of such other acts and things; and
5. These resolutions may be executed in several parts and in the same form and by facsimile and such parts as so executed together constitute one original document, and such parts, if more than one, shall be read together and construed as if all signing parties had executed one copy of the said resolutions.

(Remainder of page intentionally left blank)

The foregoing resolutions are consented to in writing by all of the directors of the Corporation.


ROBERT CHENERY

MICHAEL J. SMITH

SAMUEL MORROW

The foregoing resolutions are consented to in writing by all of the directors of the Corporation.

ROBERT CHENERY

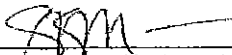
MICHAEL J. SMITH

SAMUEL MORROW

The foregoing resolutions are consented to in writing by all of the directors of the Corporation.

ROBERT CHENERY

MICHAEL J. SMITH



SAMUEL MORROW

MFC RESOURCE PARTNERSHIP – UNANIMOUS RESOLUTIONS

THE FOLLOWING UNANIMOUS RESOLUTIONS WERE PASSED BY ALL MEMBERS OF THE MANAGEMENT COMMITTEE (THE "**MEMBERS**") OF MFC RESOURCE PARTNERSHIP (THE "**PARTNERSHIP**"), HAVING BEEN CONSENTED TO IN WRITING BY ALL OF THE MEMBERS OF THE PARTNERSHIP, EFFECTIVE AS OF THE 7th DAY OF December, 2015.

WHEREAS:

- A. The Partnership, wishes to borrow (the "**Loan**") the principal amount of fourteen million four hundred and fourteen thousand one hundred and ninety four Canadian dollars (CAD\$14,414,180) from MFC Processing Partnership (the "**Lender**") and in consideration therefore the Partnership wishes to grant to the Lender a promissory note in equal amount (the "**MFCRP Note**") and payable on demand, each in substantially the form presented to the Members;
- B. The Partnership wishes to loan fourteen million four hundred fourteen thousand one hundred and eighty Canadian dollars (CAD\$14,414,180) to its partners 1051393 B.C. Ltd. ("**1051393**") and MFC Energy Corporation ("**MEC**", and together with 1051393, the "**MRP Partners**") ratably in accordance with the MRP Partners' partnership interests (the "**Partnership Loan**") as evidenced by a promissory note in the amount of CAD\$14,414,036 issued by MEC in favour of the Partnership and by a promissory note in the amount of CAD\$144 issued by 1051393 in favour of the Partnership, payable on demand, each in substantially the forms presented to the Members (collectively, the "**MRP Notes**"); and
- C. The Members have determined that it is in the best interests of the Partnership to approve the Loan, the Note and the Partnership Loan and to enter into, execute and deliver all agreements, documents and instruments in writing contemplated and required in connection, therewith, and to perform all of the obligations thereunder.

BE IT RESOLVED THAT:

- 1. The Loan and the incurrence of indebtedness by the Partnership be, and is hereby, approved;
- 2. The authorization, execution and delivery of the MFCRP Note to be issued by the Partnership to and in favour of the Lender be, and is hereby, approved;
- 3. The Partnership Loan to the MRP Partners and the MRP Notes be, and are each hereby, approved;
- 4. Any one director or officer of the Manager of the Partnership or a Member (the "**Authorized Person**") be, and is hereby, authorized, acting for, in the name of and on behalf of the Partnership to execute, under the seal of the Partnership or otherwise, and deliver, or to cause to be executed and delivered, all documents relating to the foregoing resolutions required to be delivered by the Partnership, with such changes, additions and alterations thereto as each such Authorized Person may in such person's discretion approve, which approval shall be conclusively evidenced by the execution of such document and the execution and/or delivery of such document shall be conclusive evidence of the approval thereof by such Authorized Person, and to the extent that any such agreements, instruments or documents have been executed prior to the date hereof, such execution by such Authorized Person be, and is hereby, approved, ratified and affirmed;
- 5. The Authorized Person be, and is hereby, authorized, acting for, in the name of and on behalf of the Partnership, to execute or cause to be executed, under the seal of the Partnership or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause

to be done such other acts and things as in the opinion of each such Authorized Person may be necessary or desirable in order to fulfill any of the Partnership's obligations in connection with the foregoing resolutions, and to carry out the intent of the foregoing resolutions, all such documents and instruments to be in such form and contain such terms and conditions as may be approved by such Authorized Person, as the case may be, whose signature thereon shall be conclusive evidence of such approval, and to the extent that any such agreements, instruments or documents have been executed prior to the date hereof, such execution by such Authorized Person be, and is hereby, affirmed, ratified and approved; and

6. These resolutions may be executed in several parts and in the same form and by facsimile and such parts as so executed together constitute one original document, and such parts, if more than one, shall be read together and construed as if all signing parties had executed one copy of the said resolutions.

(Remainder of page intentionally left blank)

The foregoing resolutions are consented to in writing by all of the Members of the Partnership.



MICHAEL SMITH

ROBERT CHENERY

ROB JENNINGS

The foregoing resolutions are consented to in writing by all of the Members of the Partnership.

MICHAEL SMITH


ROBERT CHENERY

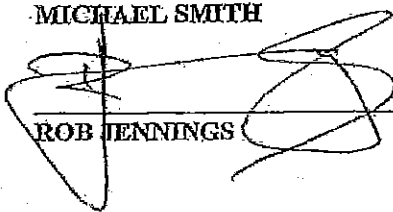
ROB JENNINGS

The foregoing resolutions are consented to in writing by all of the Members of the Partnership.

MICHAEL SMITH

ROBERT CHENERY

ROB JENNINGS

A large, stylized handwritten signature in black ink, written over the signature line for Rob Jennings. The signature is highly cursive and loops around the text.

COPY

PROMISSORY NOTE

PRINCIPAL AMOUNT: CAD\$14,414,180

DUE ON DEMAND

The undersigned hereby promises to pay, ON DEMAND, to MFC Processing Partnership ("MFCPP"), the principal sum of FOURTEEN MILLION FOUR HUNDRED AND FOURTEEN THOUSAND ONE HUNDRED AND EIGHTY dollars (\$14,414,180.00) in lawful money of Canada, without interest. If repayment of the principal amount is not made within three (3) business days of MFCPP's demand, this promissory note shall bear interest accruing thereafter at a rate of 4% per annum.

This promissory note is not assignable by either party without the prior written consent of the other party.

This promissory note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

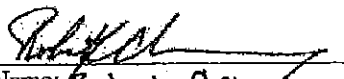
The undersigned hereby waives demand and presentment for payment, notice of non-payment, protest, notice of protest, notice of dishonour, bringing of suit and diligence in taking any action.

DATED at Vancouver, British Columbia this 7th day of December, 2015.

[Signature page follows.]

DATED as of the date first written above.

MFC RESOURCE PARTNERSHIP

By: 
Name: Robert Cheneau
Title: Authorized Signatory

By: _____
Name: _____
Title: Authorized Signatory

DATED as of the date first written above.

MFC RESOURCE PARTNERSHIP

By: _____

Name:

Title: Authorized Signatory

By: _____

Name: Rob Jennings

Title: Authorized Signatory

**CROSS RECEIPT
AMONG
MFC RESOURCE PARTNERSHIP
AND
MFC PROCESSING PARTNERSHIP**

December 7, 2015

Reference is made to the promissory note (the "**Note**"), dated of even date herewith issued by MFC Resource Partnership, a British Columbia general partnership (the "**Borrower**") in favour of MFC Processing Partnership, an Alberta limited partnership, (the "**Lender**").

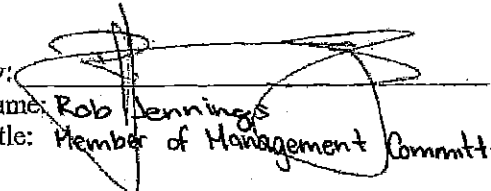
1. The Borrower does hereby acknowledge receipt of an aggregate principal amount of fourteen million four hundred fourteen thousand one hundred and eighty Canadian dollars (CAD\$14,414,180.00), from the Lender as the proceeds of the loan made by the Lender.

2. The Lender does hereby acknowledge the receipt of the original Note of the Borrower in favour of the Lender in the aggregate principal amount of fourteen million four hundred fourteen thousand one hundred and eighty Canadian dollars (CAD\$14,414,180.00).

(Signature pages follow)

Receipt of the aforementioned funds is hereby acknowledged as of the date first above written.

MFC RESOURCE PARTNERSHIP

By: 

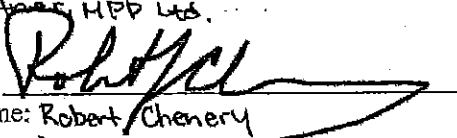
Name: Rob Jennings

Title: Member of Management Committee

Receipt of the aforementioned Note is hereby acknowledged as of the date first above written.

MFC PROCESSING PARTNERSHIP, by its General
Partner, MFP Ltd.

By:



Name: Robert Chenery

Title: Director

DIRECTORS' RESOLUTIONS

THE FOLLOWING RESOLUTIONS WERE PASSED BY THE DIRECTORS OF MPP LTD. (THE "CORPORATION"), HAVING BEEN CONSENTED TO IN WRITING BY ALL OF THE DIRECTORS OF THE CORPORATION, EFFECTIVE AS OF THE 7th DAY OF December, 2015.

WHEREAS:

- A. The Corporation wishes to borrow (the "Loan") the principal amount of fourteen Canadian dollars (CAD\$14) from MFC Processing Partnership (the "Lender") and in consideration therefore the Corporation wishes to grant to the Lender a promissory note in equal amount (the "Note") and payable on demand, in substantially the form presented to the board of directors of the Corporation (the "Board"); and
- B. The Board has determined that it is in the best interests of the Corporation to approve the Loan and the Note, and to enter into, execute and deliver all agreements, documents and instruments in writing contemplated and required in connection, therewith, and to perform all of the obligations thereunder.

BE IT RESOLVED THAT:

- 1. The Loan and the incurrence of indebtedness by the Corporation be, and is hereby, approved;
- 2. The authorization, execution and delivery of the Note to be issued by the Corporation to and in favour of the Lender be, and is hereby, approved;
- 3. Any one director or officer of the Corporation (the "Authorized Person") be, and is hereby, authorized, acting for, in the name of and on behalf of the Corporation to execute, under the seal of the Corporation or otherwise, and deliver, or to cause to be executed and delivered, all documents relating to the foregoing resolutions required to be delivered by the Corporation, with such changes, additions and alterations thereto as each such Authorized Person may in such person's discretion approve, which approval shall be conclusively evidenced by the execution of such document and the execution and/or delivery of such document shall be conclusive evidence of the approval thereof by such Authorized Person, and to the extent that any such agreements, instruments or documents have been executed prior to the date hereof, such execution by such Authorized Person be, and is hereby, approved, ratified and affirmed;
- 4. The Authorized Person be, and is hereby, authorized, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done such other acts and things as in the opinion of each such Authorized Person may be necessary or desirable in order to fulfill any of the Corporation's obligations in connection with the foregoing resolutions, and to carry out the intent of the foregoing resolutions, all such documents and instruments to be in such form and contain such terms and conditions as may be approved by such Authorized Person, as the case may be, whose signature thereon shall be conclusive evidence of such approval, and to the extent that any such agreements, instruments or documents have been executed prior to the date hereof, such execution by such Authorized Person be, and is hereby, affirmed, ratified and approved; and
- 5. These resolutions may be executed in several parts and in the same form and by facsimile and such parts as so executed together constitute one original document, and such parts, if more than

one, shall be read together and construed as if all signing parties had executed one copy of the said resolutions.

(Remainder of page intentionally left blank)

The foregoing resolutions are consented to in writing by all of the directors of the Corporation.


ROBERT CHENERY

SAMUEL MORROW

MICHAEL J. SMITH

The foregoing resolutions are consented to in writing by all of the directors of the Corporation.

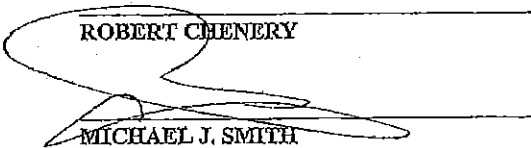
ROBERT CHENERY

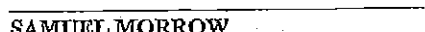


SAMUEL MORROW

MICHAEL J. SMITH

The foregoing resolutions are consented to in writing by all of the directors of the Corporation.


ROBERT CHENERY


SAMUEL MORROW


MICHAEL J. SMITH

COPY

PROMISSORY NOTE

PRINCIPAL AMOUNT: CAD\$14

DUE ON DEMAND

The undersigned hereby promises to pay, ON DEMAND, to MFC Processing Partnership, the principal sum of FOURTEEN dollars (\$14.00) in lawful money of Canada, without interest. If repayment of the principal amount is not made within three (3) business days of MFCPP's demand, this promissory note shall bear interest accruing thereafter at a rate of 4% per annum.

This promissory note is not assignable by either party without the prior written consent of the other party.

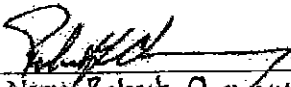
This promissory note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

The undersigned hereby waives demand and presentment for payment, notice of non-payment, protest, notice of protest, notice of dishonour, bringing of suit and diligence in taking any action.

[Signature page follows.]

DATED this 7th day of December, 2015.

MPP LTD.

By: 
Name: Robert Chenery
Title: Authorized Signatory

**CROSS RECEIPT
AMONG
MPP LTD.
AND
MFC PROCESSING PARTNERSHIP**

December 7, 2015

Reference is made to the promissory note (the "**Note**"), dated of even date herewith issued by MPP Ltd., an Alberta corporation (the "**Borrower**") in favour of MFC Processing Partnership, an Alberta limited partnership, (the "**Lender**").

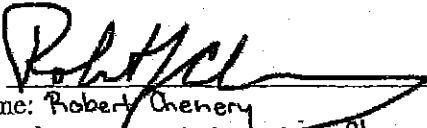
1. The Borrower does hereby acknowledge receipt of an aggregate principal amount of fourteen Canadian dollars (CAD\$14), from the Lender as the proceeds of the loan made by the Lender.

2. The Lender does hereby acknowledge the receipt of the original Note of the Borrower in favour of the Lender in the aggregate principal amount of fourteen Canadian dollars (CAD\$14).

(Signature pages follow)

Receipt of the aforementioned funds is hereby acknowledged as of the date first above written.

MPP LTD.

By: 
Name: Robert Chenery
Title: Director and Executive Chairman

Receipt of the aforementioned Note is hereby acknowledged as of the date first above written.

MFC PROCESSING PARTNERSHIP, by its General
Partner, MPP, LTD.

By:

Name: Robert Chenery

Title: Director and Executive Chairman

MFC RESOURCE PARTNERSHIP – UNANIMOUS RESOLUTIONS

THE FOLLOWING UNANIMOUS RESOLUTIONS WERE PASSED BY ALL MEMBERS OF THE MANAGEMENT COMMITTEE (THE "MEMBERS") OF MFC RESOURCE PARTNERSHIP (THE "PARTNERSHIP"), HAVING BEEN CONSENTED TO IN WRITING BY ALL OF THE MEMBERS OF THE PARTNERSHIP, EFFECTIVE AS OF THE 7th DAY OF December, 2015.

WHEREAS:

- A. The Partnership, wishes to borrow (the "Loan") the principal amount of fourteen million four hundred and fourteen thousand one hundred and ninety four Canadian dollars (CAD\$14,414,180) from MFC Processing Partnership (the "Lender") and in consideration therefore the Partnership wishes to grant to the Lender a promissory note in equal amount (the "MFCRP Note") and payable on demand, each in substantially the form presented to the Members;
- B. The Partnership wishes to loan fourteen million four hundred fourteen thousand one hundred and eighty Canadian dollars (CAD\$14,414,180) to its partners 1051393 B.C. Ltd. ("1051393") and MFC Energy Corporation ("MEC", and together with 1051393, the "MRP Partners") ratably in accordance with the MRP Partners' partnership interests (the "Partnership Loan") as evidenced by a promissory note in the amount of CAD\$14,414,036 issued by MEC in favour of the Partnership and by a promissory note in the amount of CAD\$144 issued by 1051393 in favour of the Partnership, payable on demand, each in substantially the forms presented to the Members (collectively, the "MRP Notes"); and
- C. The Members have determined that it is in the best interests of the Partnership to approve the Loan, the Note and the Partnership Loan and to enter into, execute and deliver all agreements, documents and instruments in writing contemplated and required in connection, therewith, and to perform all of the obligations thereunder.

BE IT RESOLVED THAT:

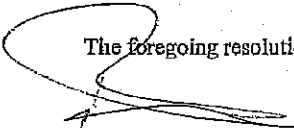
- 1. The Loan and the incurrence of indebtedness by the Partnership be, and is hereby, approved;
- 2. The authorization, execution and delivery of the MFCRP Note to be issued by the Partnership to and in favour of the Lender be, and is hereby, approved;
- 3. The Partnership Loan to the MRP Partners and the MRP Notes be, and are each hereby, approved;
- 4. Any one director or officer of the Manager of the Partnership or a Member (the "Authorized Person") be, and is hereby, authorized, acting for, in the name of and on behalf of the Partnership to execute, under the seal of the Partnership or otherwise, and deliver, or to cause to be executed and delivered, all documents relating to the foregoing resolutions required to be delivered by the Partnership, with such changes, additions and alterations thereto as each such Authorized Person may in such person's discretion approve, which approval shall be conclusively evidenced by the execution of such document and the execution and/or delivery of such document shall be conclusive evidence of the approval thereof by such Authorized Person, and to the extent that any such agreements, instruments or documents have been executed prior to the date hereof, such execution by such Authorized Person be, and is hereby, approved, ratified and affirmed;
- 5. The Authorized Person be, and is hereby, authorized, acting for, in the name of and on behalf of the Partnership, to execute or cause to be executed, under the seal of the Partnership or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause

to be done such other acts and things as in the opinion of each such Authorized Person may be necessary or desirable in order to fulfill any of the Partnership's obligations in connection with the foregoing resolutions, and to carry out the intent of the foregoing resolutions, all such documents and instruments to be in such form and contain such terms and conditions as may be approved by such Authorized Person, as the case may be, whose signature thereon shall be conclusive evidence of such approval, and to the extent that any such agreements, instruments or documents have been executed prior to the date hereof, such execution by such Authorized Person be, and is hereby, affirmed, ratified and approved; and

6. These resolutions may be executed in several parts and in the same form and by facsimile and such parts as so executed together constitute one original document, and such parts, if more than one, shall be read together and construed as if all signing parties had executed one copy of the said resolutions.

(Remainder of page intentionally left blank)

The foregoing resolutions are consented to in writing by all of the Members of the Partnership.



MICHAEL SMITH

ROBERT CHENERY

ROB JENNINGS

The foregoing resolutions are consented to in writing by all of the Members of the Partnership.

MICHAEL SMITH



ROBERT CHENERY

ROB JENNINGS

The foregoing resolutions are consented to in writing by all of the Members of the Partnership.

MICHAEL SMITH

ROB JENNINGS

ROBERT CHENERY

DIRECTORS' RESOLUTIONS

THE FOLLOWING RESOLUTIONS WERE PASSED BY THE DIRECTORS OF 1051393 B.C. LTD. (THE "**CORPORATION**"), HAVING BEEN CONSENTED TO IN WRITING BY ALL OF THE DIRECTORS OF THE CORPORATION, EFFECTIVE AS OF THE 7th DAY OF December, 2015.

WHEREAS:

- A. The Corporation wishes to borrow (the "**Loan**") the principal amount of one hundred and forty four Canadian dollars (CAD\$144) from MFC Resource Partnership (the "**Lender**") and in consideration therefor the Corporation wishes to grant to the Lender a promissory note in equal amount (the "**Note**") and payable on demand, in substantially the form presented to the board of directors of the Corporation (the "**Board**"); and
- B. The Board has determined that it is in the best interests of the Corporation to approve the Loan and the Note, and to enter into, execute and deliver all agreements, documents and instruments in writing contemplated and required in connection, therewith, and to perform all of the obligations thereunder.

BE IT RESOLVED THAT:

- 1. The Loan and the incurrence of indebtedness by the Corporation be, and is hereby, approved;
- 2. The authorization, execution and delivery of the Note to be issued by the Corporation to and in favour of the Lender be, and is hereby, approved;
- 3. Any one director or officer of the Corporation (the "**Authorized Person**") be, and is hereby, authorized, acting for, in the name of and on behalf of the Corporation to execute, under the seal of the Corporation or otherwise, and deliver, or to cause to be executed and delivered, all documents relating to the foregoing resolutions required to be delivered by the Corporation, with such changes, additions and alterations thereto as each such Authorized Person may in such person's discretion approve, which approval shall be conclusively evidenced by the execution of such document and the execution and/or delivery of such document shall be conclusive evidence of the approval thereof by such Authorized Person, and to the extent that any such agreements, instruments or documents have been executed prior to the date hereof, such execution by such Authorized Person be, and is hereby, approved, ratified and affirmed;
- 4. The Authorized Person be, and is hereby, authorized, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done such other acts and things as in the opinion of each such Authorized Person may be necessary or desirable in order to fulfill any of the Corporation's obligations in connection with the foregoing resolutions, and to carry out the intent of the foregoing resolutions, all such documents and instruments to be in such form and contain such terms and conditions as may be approved by such Authorized Person, as the case may be, whose signature thereon shall be conclusive evidence of such approval, and to the extent that any such agreements, instruments or documents have been executed prior to the date hereof, such execution by such Authorized Person be, and is hereby, affirmed, ratified and approved; and
- 5. These resolutions may be executed in several parts and in the same form and by facsimile and such parts as so executed together constitute one original document, and such parts, if more than

one, shall be read together and construed as if all signing parties had executed one copy of the said resolutions.

(Remainder of page intentionally left blank)

The foregoing resolutions are consented to in writing by all of the directors of the Corporation.


MICHAEL SMITH

SAMUEL MORROW

The foregoing resolutions are consented to in writing by all of the directors of the Corporation,

MICHAEL SMITH

_____
SAMUEL MORROW

COPY

PROMISSORY NOTE

PRINCIPAL AMOUNT: CAD\$144

DUE ON DEMAND

The undersigned hereby promises to pay, ON DEMAND, to MFC Resource Partnership ("MFCRP"), the principal sum of ONE HUNDRED AND FORTY FOUR dollars (\$144.00) in lawful money of Canada, without interest. If repayment of the principal amount is not made within three (3) business days of MFCRP's demand, this promissory note shall bear interest accruing thereafter at a rate of 4% per annum.

This promissory note is not assignable by either party without the prior written consent of the other party.

This promissory note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

The undersigned hereby waives demand and presentment for payment, notice of non-payment, protest, notice of protest, notice of dishonour, bringing of suit and diligence in taking any action.

DATED at Vancouver, British Columbia this 7th day of December, 2015.

[Signature page to follow.]

DATED as of the date first written above.

1051393 B.C. LTD.

By: SSM
Name: Samuel Morrow
Title: Authorized Signatory

**CROSS RECEIPT
AMONG
MFC RESOURCE PARTNERSHIP
AND
1051393 B.C. LTD.**

December 7, 2015

Reference is made to the promissory note (the "**Note**"), dated of even date herewith issued by 1051393 B.C. Ltd. (the "**Borrower**") in favour of MFC Resource Partnership (the "**Lender**").

1. The Borrower does hereby acknowledge receipt of an aggregate principal amount of one hundred and forty four Canadian dollars (CAD\$144), from the Lender as the proceeds of the loan made by the Lender.

2. The Lender does hereby acknowledge the receipt of the original Note of the Borrower in favour of the Lender in the aggregate principal amount of one hundred and forty four Canadian dollars (CAD\$144).

(Signature pages follow)

Receipt of the aforementioned funds is hereby acknowledged as of the date first above written.

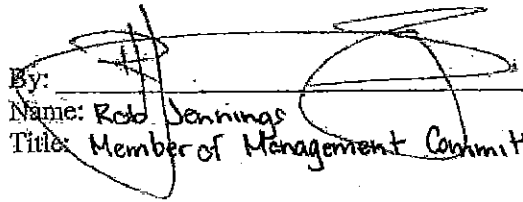
1051393 B.C. LTD.

By: SSM
Name: Samuel Morrow
Title: Director

[Signature Page to Cross-Receipt]

Receipt of the aforementioned Note is hereby acknowledged as of the date first above written.

MFC RESOURCE PARTNERSHIP

By: 

Name: Rob Jennings

Title: Member of Management Committee

DIRECTORS' RESOLUTIONS

THE FOLLOWING RESOLUTIONS WERE PASSED BY THE DIRECTORS OF **MFC ENERGY CORPORATION** (THE "**CORPORATION**"), HAVING BEEN CONSENTED TO IN WRITING BY ALL OF THE DIRECTORS OF THE CORPORATION, EFFECTIVE AS OF THE 7th DAY OF December, 2015.

WHEREAS:

- A. The Corporation wishes to borrow (the "**Loan**") the principal amount of fourteen million four hundred fourteen thousand and thirty six Canadian dollars (CAD\$14,414,036) from MFC Resource Partnership (the "**Lender**") and in consideration therefor the Corporation wishes to grant to the Lender a promissory note in equal amount (the "**Note**") and payable on demand, each in substantially the form presented to the board of directors of the Corporation (the "**Board**"); and
- B. The Board has determined that it is in the best interests of the Corporation to approve the Loan and the Note, and to enter into, execute and deliver all agreements, documents and instruments in writing contemplated and required in connection, therewith, and to perform all of the obligations thereunder.

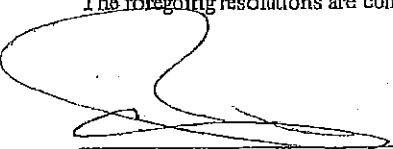
BE IT RESOLVED THAT:

- 1. The Loan and the incurrence of indebtedness by the Corporation be, and is hereby, approved;
- 2. The authorization, execution and delivery of the Note to be issued by the Corporation to and in favour of the Lender be, and is hereby, approved;
- 3. Any one director or officer of the Corporation (the "**Authorized Person**") be, and is hereby, authorized, acting for, in the name of and on behalf of the Corporation to execute, under the seal of the Corporation or otherwise, and deliver, or to cause to be executed and delivered, all documents relating to the foregoing resolutions required to be delivered by the Corporation, with such changes, additions and alterations thereto as each such Authorized Person may in such person's discretion approve, which approval shall be conclusively evidenced by the execution of such document and the execution and/or delivery of such document shall be conclusive evidence of the approval thereof by such Authorized Person, and to the extent that any such agreements, instruments or documents have been executed prior to the date hereof, such execution by such Authorized Person be, and is hereby, approved, ratified and affirmed;
- 4. The Authorized Person be, and is hereby, authorized, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done such other acts and things as in the opinion of each such Authorized Person may be necessary or desirable in order to fulfill any of the Corporation's obligations in connection with the foregoing resolutions, and to carry out the intent of the foregoing resolutions, all such documents and instruments to be in such form and contain such terms and conditions as may be approved by such Authorized Person, as the case may be, whose signature thereon shall be conclusive evidence of such approval, and to the extent that any such agreements, instruments or documents have been executed prior to the date hereof, such execution by such Authorized Person be, and is hereby, affirmed, ratified and approved; and
- 5. These resolutions may be executed in several parts and in the same form and by facsimile and such parts as so executed together constitute one original document, and such parts, if more than

one, shall be read together and construed as if all signing parties had executed one copy of the said resolutions.

(Remainder of page intentionally left blank)

The foregoing resolutions are consented to in writing by all of the directors of the Corporation.



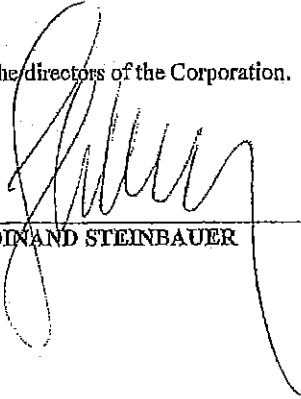
MICHAEL J. SMITH

FERDINAND STEINBAUER

ROBERT CHENERY

The foregoing resolutions are consented to in writing by all of the directors of the Corporation.

MICHAEL J. SMITH


FERDINAND STEINBAUER

ROBERT CHENERY

The foregoing resolutions are consented to in writing by all of the directors of the Corporation.

MICHAEL J. SMITH

FERDINAND STEINBAUER



ROBERT CHENERY

COPY

PROMISSORY NOTE

PRINCIPAL AMOUNT: CAD\$14,414,036

DUE ON DEMAND

The undersigned hereby promises to pay, ON DEMAND, to MFC Resource Partnership ("MFCRP"), the principal sum of FOURTEEN MILLION FOUR HUNDRED FOURTEEN THOUSAND AND THIRTY SIX dollars (\$14,414,036.00) in lawful money of Canada, without interest. If repayment of the principal amount is not made within three (3) business days of MFCRP's demand, this promissory note shall bear interest accruing thereafter at a rate of 4% per annum.

This promissory note is not assignable by either party without the prior written consent of the other party.

This promissory note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

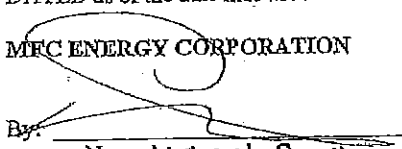
The undersigned hereby waives demand and presentment for payment, notice of non-payment, protest, notice of protest, notice of dishonour, bringing of suit and diligence in taking any action.

DATED at Vancouver, British Columbia this 7th day of December, 2015.

[Signature page follows.]

DATED as of the date first written above.

MFC ENERGY CORPORATION

By: 

Name: Michael Smith
Title: Authorized Signatory

**CROSS RECEIPT
AMONG
MFC RESOURCE PARTNERSHIP
AND
MFC ENERGY CORPORATION**

December 7, 2015

Reference is made to the promissory note (the "**Note**"), dated of even date herewith issued by MFC Energy Corporation (the "**Borrower**") in favour of MFC Resource Partnership (the "**Lender**").

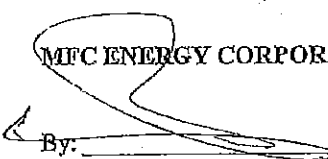
1. The Borrower does hereby acknowledge receipt of an aggregate principal amount of fourteen million four hundred fourteen thousand and thirty six Canadian dollars (CAD\$14,414,036), from the Lender as the proceeds of the loan made by the Lender.

2. The Lender does hereby acknowledge the receipt of the original Note of the Borrower in favour of the Lender in the aggregate principal amount of fourteen million four hundred fourteen thousand and thirty six Canadian dollars (CAD\$14,414,036).

(Signature pages follow)

Receipt of the aforementioned funds is hereby acknowledged as of the date first above written.

MFC ENERGY CORPORATION

By: 

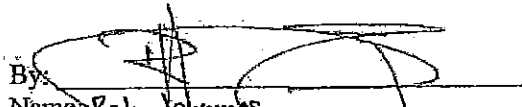
Name: Michael Smith

Title: Director

[Signature Page to Cross-Receipt]

Receipt of the aforementioned Note is hereby acknowledged as of the date first above written.

MFC RESOURCE PARTNERSHIP

By: 

Name: Rob Jennings

Title: Member of Management Committee

DIRECTORS' RESOLUTIONS

THE FOLLOWING RESOLUTIONS WERE PASSED BY ALL OF THE DIRECTORS OF **MFC ENERGY CORPORATION**. (THE "**CORPORATION**") HAVING BEEN CONSENTED TO IN WRITING BY ALL OF THE DIRECTORS MADE EFFECTIVE AS OF THE 7th DAY OF December, 2015.

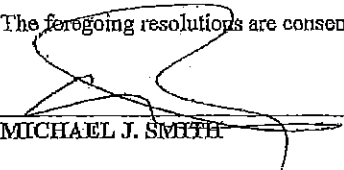
WHEREAS:

- A. MFC Energy Holding Austria GmbH ("**MEC Austria**") is the legal and beneficial owner of 179,839,731 common shares without par value of the Corporation (the "**Common Shares**"), being all of the outstanding shares of such class;
- B. By special resolution dated of even date herewith, the shareholders of the Corporation authorized the reduction of the stated capital of the Shares by way of a return of capital, to be distributed pro rata amongst the Common Shares, for a return of capital in the aggregate amount of fourteen million four hundred fourteen thousand and thirty six Canadian dollars (CAD\$14,414,036) (the "**Return of Capital**"); and
- C. The directors have determined that it is in the best interests of the Corporation to authorize the Return of Capital to be paid by the Corporation to MEC Austria.

RESOLVED THAT:

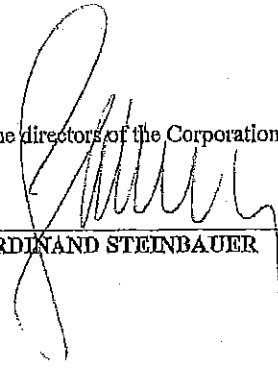
- 1. The Return of Capital be, and is hereby, approved;
- 2. The stated capital for the Common Shares is hereby reduced by CAD \$14,414,036;
- 3. Any director or officer of the Corporation (each an "**Authorized Signatory**") be, and is hereby, authorized and directed to execute and deliver, in the name and on behalf of the Corporation, under seal or otherwise, all agreements, instruments and documents which are the subject of these resolutions on such terms and conditions and in such form deemed necessary or desirable and approved by such Authorized Signatory with such changes, modifications or amendments thereto as such Authorized Signatory may in such person's discretion approve, which approval will be conclusively evidenced by the execution and the delivery of such agreements, instruments and documents, and, to the extent that any such agreements, instruments and documents were executed prior to the date hereof, the execution thereof by any such Authorized Signatory be, and is hereby, approved, ratified and confirmed;
- 4. The Authorized Signatory be, and is hereby, authorized and directed to take all such further actions, to execute and deliver such further agreements, instruments and documents and to do all such other acts and things, in the name and on behalf of the Corporation, under seal or otherwise, as in such person's opinion may be necessary or desirable to give effect to and, generally, carry out the intent of these resolutions, which opinion will be conclusively evidenced by the taking of such further actions, the execution and delivery of such further agreements, instruments and documents and the doing of such other acts and things; and
- 5. These resolutions may be executed by facsimile in one or more counterparts, each of which will be deemed to be an original and all of which together will be deemed to be one and the same instrument.

The foregoing resolutions are consented to in writing by all the directors of the Corporation.


MICHAEL J. SMITHFERDINAND STEINBAUERROBERT CHENERY

The foregoing resolutions are consented to in writing by all the directors of the Corporation.

MICHAEL J. SMITH



FERDINAND STEINBAUER

ROBERT CHENERY

The foregoing resolutions are consented to in writing by all the directors of the Corporation.

MICHAEL J. SMITH

FERDINAND STEINBAUER



ROBERT CHENERY

SHAREHOLDERS RESOLUTIONS

THE FOLLOWING RESOLUTIONS WERE PASSED BY ALL THE SHAREHOLDERS OF THE COMMON SHARES OF **MFC ENERGY CORPORATION**. (THE "**CORPORATION**") HAVING BEEN CONSENTED TO IN WRITING BY ALL OF THE SHAREHOLDERS OF THE CORPORATION MADE EFFECTIVE AS OF THE 7th DAY OF December, 2015.

WHEREAS:

- A. MFC Energy Holding Austria GmbH ("**MEC Austria**") is the legal and beneficial owner of all of the outstanding common shares without par value of the Corporation, comprising 179,839,731 common shares of the Corporation (the "**MFCEHA Shares**");
- B. Pursuant to section 74 of the *Business Corporations Act* (British Columbia), the Corporation wishes to reduce the stated capital of the Shares by the aggregate amount of fourteen million four hundred fourteen thousand and thirty six Canadian dollars (CAD\$14,414,036) (the "**Return of Capital**"), to be distributed pro rata amongst the MFCEHA Shares, in respect of amounts received by the Corporation as consideration for the Shares; and
- C. There are no reasonable grounds for believing that the realizable value of the Corporation's assets after such reduction would be less than the aggregate of its liabilities.

NOW THEREFORE BE IT RESOLVED THAT:

- 1. The Return of Capital be, and is hereby, authorized and approved;
- 2. The Corporation be, and is hereby, authorized to pay the Return of Capital as the directors may determine; and
- 3. These resolutions may be executed by facsimile or electronic transmission and such copy shall be read and construed as an originally executed copy of the said resolutions.

(Signature page follows)

The foregoing resolutions are consented to in writing by all of the shareholders of the Corporation.

MFC ENERGY HOLDING AUSTRIA
GMBH

Per: _____
Authorized Signatory

MFC INDUSTRIAL LTD.

Per: _____
Authorized Signatory

The foregoing resolutions are consented to in writing by all of the shareholders of the Corporation.

MFC ENERGY HOLDING AUSTRIA
GMBH

Per: _____
Authorized Signatory

MFC INDUSTRIAL LTD.

Per: _____
Authorized Signatory

RECEIPT

December 7, 2015

TO: MFC Energy Corporation (the "Corporation")

DATE: December 7, 2015

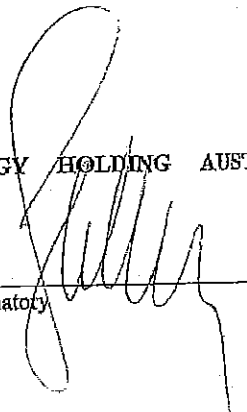
MFC Energy Holding Austria GmbH, hereby acknowledges the receipt of fourteen million four hundred fourteen thousand and thirty six Canadian dollars (CAD\$14,414,036), as payment in full of a return of share capital by the Corporation declared as by the Corporation on the date hereof.

(Signature page follows)

DATED as of the date first above written

MFC ENERGY HOLDING AUSTRIA
GMBH

Authorized Signatory

A large, stylized handwritten signature in black ink is written over a horizontal line. The signature is cursive and appears to be a single name, possibly 'F. Müller' or similar, with a long, sweeping tail that extends downwards and to the right.

CUSTOMER REGISTRATION NOTICE

TO: BLAKE CASSELLS REGISTRATION LLP
 VIA GATE BOX

LAND TITLES OFFICE
 BOX 575
 CALGARY, AB
 T2P 2R4

CUSTOMER FILE NUMBER: 8312112 PLC

FILE NUMBER: C10A23

CALL BOX: 224
 ACCOUNT NUMBER: A068136
 REGISTRATION DATE: 2015/12/21

LAND INTEREST

LEGAL: SHORT LEGAL
 01457043

FILE NUMBER:
 011312242 1

DOCUMENTS REGISTERED

DOCUMENT TYPE:
 CANCEL

REGISTRATION NUMBER:
 51233958

FEE:

SUB TOTAL

\$35.00
 \$35.00

OTHER SERVICES

REGISTRATION

FEE:

UNIDENTIFIED LAND/TITLE

\$10.00

SUB TOTAL

\$10.00

TOTAL FEE

\$45.00



CERTIFIED COPY OF
Certificate of Title

S

LINC SHORT LEGAL
0013 570 438 4;28;19;35;SE

TITLE NUMBER: 031 312 242 +1
TRANSFER OF LAND
DATE: 12/09/2003

AT THE TIME OF THIS CERTIFICATION

MPP LTD.
OF 400, 1035 - 7 AVE SW
CALGARY
ALBERTA T2P 3E9
(DATA UPDATED BY: CHANGE OF ADDRESS 151290823)

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

MERIDIAN 4 RANGE 28 TOWNSHIP 19
SECTION 35
QUARTER SOUTH EAST
EXCEPTING THEREOUT ALL MINES AND MINERALS

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-
WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
961 307 287	20/12/1996	CAVEAT RE : RIGHT OF WAY AGREEMENT , ETC. CAVEATOR - MPP LTD. 400, 1035 - 7 AVE SW CALGARY ALBERTA T2P3E9 (DATA UPDATED BY: TRANSFER OF CAVEAT 001068706) (DATA UPDATED BY: TRANSFER OF CAVEAT 011129217) (DATA UPDATED BY: TRANSFER OF CAVEAT 031253860) (DATA UPDATED BY: TRANSFER OF CAVEAT 031253870) (DATA UPDATED BY: CHANGE OF ADDRESS 151290824)
041 021 147	15/01/2004	UTILITY RIGHT OF WAY GRANTEE - MFC ENERGY CORPORATION. P.O. BOX 6808 STATION D CALGARY ALBERTA T2P2E7 (DATA UPDATED BY: CHANGE OF NAME 141183728)
051 008 240	07/01/2005	CAVEAT RE : PIPELINE RIGHT OF WAY CAVEATOR - MPP LTD. 400, 1035 - 7 AVE SW

CERTIFIED COPY OF
Certificate of Title

PAGE 2

SHORT LEGAL 4;28;19;35;SE
NAME MPP LTD.
NUMBER 031 312 242 +1

ENCUMBRANCES, LIENS & INTERESTS

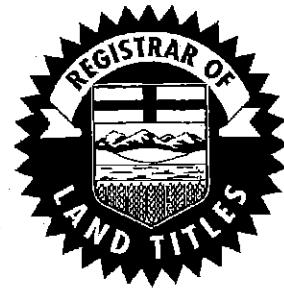
REGISTRATION
NUMBER

DATE (D/M/Y) PARTICULARS

CALGARY
ALBERTA T2P3E9
AGENT - MEGAN SHABACK
(DATA UPDATED BY: CHANGE OF ADDRESS 151290824)

151 333 958 21/12/2015 CAVEAT
RE : LEASE INTEREST , ETC.
CAVEATOR - MFC POWER GENERAL PARTNER LTD.
MFC POWER LIMITED PARTNERSHIP
C/O MFC POWER GENERAL PARTNER LTD
SUITE 400, 1035-7TH AVENUE, SW
CALGARY
ALBERTA T2P3E9
AGENT - PAUL D LOGAN

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE
REPRESENTED HEREIN THIS 21 DAY OF DECEMBER ,2015



SUPPLEMENTARY INFORMATION

VALUE: \$36,000,000
CONSIDERATION: \$10
MUNICIPALITY: MUNICIPAL DISTRICT OF FOOTHILLS NO. 31
REFERENCE NUMBER:
011 097 460 +1
AREA:
64.7 HECTARES (160 ACRES) MORE OR LESS
TOTAL INSTRUMENTS: 004

TO: BLAKE, CASSELS & GRA FROM: ALTA Production 01:35MST Page 2/2

CUSTOMER REGISTRATION NOTICE

LAND TITLES OFFICE
BOX 7575
CALGARY, AB
T2P 2R4

TO BLAKE, CASSELS & GRAYDON LLP
VIA CALL BOX

CUSTOMER FILE NBR: 83123/12 JESM

RE: D.R.R. NUMBER: D064CA9

CALL BOX: C144
ACCOUNT NUMBER: A068136
REGISTRATION DATE: 2016/01/26

LAND AFFECTED

LINE	SHORT LEGAL	TITLE NUMBER
0013570438	4,28;19;35;SE	031312242 +1

DOCUMENTS REGISTERED

DOCUMENT TYPE	REGISTRATION NUMBER	FEES
CAVEAT	161026215	\$35.00
CAVEAT	161026216	\$35.00
CAVEAT	161026217	\$35.00
CAVEAT	161026218	\$35.00
CAVEAT	161026219	\$35.00
SUB TOTAL:		\$175.00

OTHER SERVICES

DESCRIPTION	FEES	
1 CERTIFIED LAND TITLE	\$10.00	
1 TITLE FOR FAX REQUEST	\$10.00	
SUB TOTAL:		\$20.00
TOTAL FEES:		\$195.00

TO: BLAKE, CASSELS & GRA

FROM: ALTA Production

01:35MST

Page 2/4

CERTIFIED COPY OF
CERTIFICATE OF TITLELINC SHORT LEGAL
0013 570 438 4;28;19;35;SETITLE NUMBER: 031 312 242 +1
TRANSFER OF LAND
DATE: 12/09/2003

AT THE TIME OF THIS CERTIFICATION

MPP LTD.
OF 400, 1035 - 7 AVE SW
CALGARY
ALBERTA T2P 3E9
(DATA UPDATED BY: CHANGE OF ADDRESS 151290823)IS THE OWNER OF AN ESTATE IN FEE SIMPLE
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ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

NUMBER DATE (D/M/Y) PARTICULARS

961 307 287	20/12/1996	CAVEAT RE : RIGHT OF WAY AGREEMENT , ETC. CAVEATOR - MPP LTD. 400, 1035 - 7 AVE SW CALGARY ALBERTA T2P3E9 (DATA UPDATED BY: TRANSFER OF CAVEAT 001068706) (DATA UPDATED BY: TRANSFER OF CAVEAT 011129217) (DATA UPDATED BY: TRANSFER OF CAVEAT 031253860) (DATA UPDATED BY: TRANSFER OF CAVEAT 031253870) (DATA UPDATED BY: CHANGE OF ADDRESS 151290824)
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(CONTINUED)

TO: BLAKE, CASSELS & GRA

FROM: ALTA Production

01:35MST

Page 3/4

PAGE 2

CERTIFIED COPY OF
CERTIFICATE OF TITLESHORT LEGAL 4;28;19;35;8E
NAME MPP LTD.
NUMBER 031 312 242 +1

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION
NUMBER DATE (D/M/Y) PARTICULARS

051 008 240	07/01/2005	CAVEAT RE : PIPELINE RIGHT OF WAY CAVEATOR - MPP LTD. 400, 1035 - 7 AVE SW CALGARY ALBERTA T2P3E9 AGENT - MEGAN SHABACK (DATA UPDATED BY: CHANGE OF ADDRESS 151290824)
151 333 958	21/12/2015	CAVEAT RE : LEASE INTEREST , ETC. CAVEATOR - MFC POWER GENERAL PARTNER LTD. MFC POWER LIMITED PARTNERSHIP C/O MFC POWER GENERAL PARTNER LTD SUITE 400, 1035-7TH AVENUE, SW CALGARY ALBERTA T2P3E9 AGENT - PAUL D LOGAN
151 336 847	23/12/2015	BUILDER'S LIEN LIENOR - YOUNG ENERGYSERVE INC. 234125 WRANGLER ROAD S.E. ROCKY VIEW ALBERTA T1X0K2 AGENT - DAVID A WRIGHT AMOUNT: \$1,578,995
161 026 215	26/01/2016	CAVEAT RE : EASEMENT
161 026 216	26/01/2016	CAVEAT RE : EASEMENT
161 026 217	26/01/2016	CAVEAT RE : EASEMENT
161 026 218	26/01/2016	CAVEAT RE : EASEMENT
161 026 219	26/01/2016	CAVEAT RE : EASEMENT

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF
THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 26 DAY OF JANUARY ,2016

(CONTINUED)

TO: BLAKE, CASSELS & GRA

FROM: ALTA Production

01:35MST

Page 4/4

PAGE 3

CERTIFICATE OF TITLE

TITLE NUMBER: 031 312 242 +1

SUPPLEMENTARY INFORMATION

VALUE: \$36,000,000

CONSIDERATION: \$10

MUNICIPALITY: MUNICIPAL DISTRICT OF FOOTHILLS NO. 31

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