



COURT FILE NUMBER 1701-00143

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF BUSINESS DEVELOPMENT BANK OF CANADA

DEFENDENT QUATTRO EXPLORATION AND PRODUCTION LTD.

IN THE MATTER OF THE RECEIVERSHIP OF
QUATTRO EXPLORATION AND PRODUCTION LTD.

DOCUMENT **SUPPLEMENT TO THE
SECOND REPORT OF THE RECEIVER,
HARDIE & KELLY INC.
May 2, 2017**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Borden Ladner Gervais LLP
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**SUPPLEMENT TO THE
SECOND REPORT OF THE RECEIVER
HARDIE & KELLY INC.
MAY 2, 2017**

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PURPOSE OF THIS SUPPLEMENT

1. On May 1, 2017, the Receiver prepared and filed a report (the “**Second Report**”) with the Court of Queen’s Bench of Alberta (the “**Court**”) in advance of the Receiver’s upcoming application seeking that the Court:
 - a. Declare that the Brentwood Agreements and the Second Brentwood LOI are not enforceable as against the Receiver and that the Receiver does not owe any obligations to Brentwood arising out of such agreements;
 - b. Declare that the ROFR purported to be held by Lifeview is null and void and unenforceable as against the Receiver and that the Receiver does not have any obligations to Lifeview with respect to the ROFR; and
 - c. Direct and authorize the Receiver to continue to implement the Sales Procedure, free and clear of any claim by Brentwood with respect to the Brentwood Agreements or the Second Brentwood LOI, or the ROFR asserted by Lifeview.
2. The purpose of this supplemental report is to provide the Court with additional documentation associated with the PSA dated February 1, 2016 between Quattro and Lifeview.
3. All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Second Report.

ADDITIONAL DOCUMENTS

4. Attached hereto and marked as **Appendix “A”** are copies of Schedules “B” and “C” of the PSA.

All of which is respectfully submitted this 2nd day of May 2017.

Hardie & Kelly Inc., in its capacity as
Receiver and Manager of Quattro Exploration and Production Ltd.
and not in its personal capacity

Per:


Marc Kelly, CA, CIRP, LIT
Senior Vice President

APPENDIX "A"

Schedule "B"

**Attached to and forming part of an Agreement of Purchase and Sale
dated February 1, 2016
between and Quattro Exploration and Production Ltd., as Transferor, and Lifeview
Petroleum Inc., as Transferee**

PROPERTY TRANSFER PROCEDURE ELECTIONS

1. Definitions (Clause 1.01). In addition to those definitions contained in the Property Transfer Procedure, the definitions from the Head Agreement will be utilized in the Property Transfer Procedure, as applicable.
2. Acquisition and Disposition (Clause 2.01): is deleted in its entirety and replaced with the following:

"A. Application of Head Agreement

The Head Agreement includes provisions that set forth the Purchase Price and the allocation of the Purchase Price to Petroleum and Natural Gas Rights, Tangibles and Miscellaneous Interests, as applicable. Each Party confirms that the Transferee's assumption of responsibility for Abandonment and Reclamation Obligations and Environmental Liabilities and the Transferor's release of responsibility therefor has been used in the determination of the Purchase Price.

B. Nature of Environmental Liabilities Indemnification

For the avoidance of doubt the Parties acknowledge that:

- (a) the amount and the scope of the Environmental Liabilities are not capable of being quantified at the Effective Date and dependent upon numerous unknowable factors that are not within the control of the Parties;
- (b) under applicable law, the Environmental Liabilities are inextricably linked with the Assets so that a transferee of the Assets will be liable for the Environmental Liabilities in the absence of the specific assumption of such liabilities by that transferee;
- (c) the specific assumption of the Environmental Liabilities in Section 13.04 is intended to provide greater certainty of results for the Parties and does not represent a specific pecuniary consideration for the Assets;
- (d) the Parties have taken the fact that the Assets and the Environmental Liabilities are inextricably linked into account in reaching this Agreement and in establishing the Purchase Price for the Assets; and
- (e) neither the existence nor the amount of any accounting reserves for Abandonment and Reclamation Obligations or similar matters associated with the Assets in the financial statements or accounting records of either Party has any effect on the actual amount of the Environmental Liabilities."

3. GST (Subclause 2.03A) (i) GST Election: Alternate 2
(ii) GST Business No.: (Transferor)
(Transferee)
4. Interest Accrual (Clause 2.04): Alternate
Neither Alternate 1 or 2 X will apply
5. Place of closing (Clause 3.01): Quattro Exploration and Production Ltd.
6. Access to transferee's Files (Subclause 3.04B): 24 months
7. Distribution of Specific Conveyances (Clause 3.05): Alternate 2 will apply
8. Adjustments to Accounts (Clause 4.02): is deleted in its entirety and replaced with the following:

"4.02 Adjustments to Accounts

- A. Subject to Paragraph 4.01(i) and Subclauses B and C of this Clause, adjustments between the Transferor and the Transferee under this Property Transfer Procedure will be effected as follows:
 - (a) unless otherwise agreed by the Parties, the Transferor will provide the Transferee with an interim statement setting forth the adjustments proposed to be made at Closing (the "**Closing Statement of Adjustments**") not later than 3 Business Days prior to the Closing Date, based on the Transferor's good faith estimate of the costs and expenses paid by the Transferor prior to Closing and the revenues received by the Transferor prior to Closing. The Transferor will provide reasonable assistance to the Transferee to assist it to verify the amounts set forth in the Closing Statement.
 - (b) Within the 180 day period following the Closing Date, Transferor shall prepare (or cause to be prepared), on the basis of information available at that time and with input from the Transferee, and deliver to the Transferee a written final statement (the "**Final Statement of Adjustments**") setting forth any adjustments to be made between the Parties under Clause 4.01 that were not included in the Closing Statement of Adjustments or, if included in the Closing Statement, were not accurately included therein, together with the net amount payable by one Party to the other in respect of such adjustments with such payment to be made within 20 days of receipt of that statement, without prejudice to the other rights of that Party under this Property Transfer Procedure to verify that amount. Except as provided in Subclause 4.02C, no further adjustments shall be made between the Parties after settlement of the adjustments set forth in the Final Statement of Adjustments.
 - (c) Notwithstanding the preceding Subclause 4.02A(b) and subject to Subclause 4.02B, if Transferee is of the opinion, acting reasonably, that any change is required to be made to the Final Statement of Adjustments as prepared by Transferor, it shall, within 14 days after the delivery of the Final Statement of

Adjustments by Transferor to Transferee in this Subclause 4.02A, (the "**Objection Date**"), give written notice to Transferor of any such proposed change, including the amount of such proposed change and other particulars of such proposed change, in reasonable detail. If Transferee does not notify Transferor of any proposed change on or before the Objection Date, then Transferee shall be deemed to have accepted the Final Statement of Adjustments.

- (d) If Transferee gives written notice to Transferor of any proposed change to the Final Statement of Adjustments on or before the Objection Date, and if the proposed change is disputed by Transferor and the Parties fail to resolve the dispute within 10 days after receipt by the Transferor of such notice, then the Accounting Firm shall be immediately engaged by the Parties to resolve the dispute and the Accounting Firm shall be requested to render its decision without qualifications, other than the usual qualifications relating to engagements of this nature, within 14 days after the dispute is referred to it. The decision of the Accounting Firm shall be final and binding upon the Parties and shall not be subject to appeal by either Party. Each of Transferor and Transferee shall be responsible for and shall pay 50% of the fees and expenses of the Accounting Firm.
 - (e) Amounts payable under this Clause 4.02 shall be paid within 20 days of delivery of the Final Statement of Adjustments or receipt of notice by a Party that is liable to pay such amount as provided above in this Clause 4.02, subject to the limitations in Subclause 4.02C, provided that, if there is a dispute regarding the liability for or the amount of any permitted (or purportedly permitted) adjustment, the amount in dispute shall become due and payable within 20 days of settlement or other resolution of such dispute. If a Party fails to pay any such amount when it first becomes due and payable, then, in addition to and without prejudice to its obligation to pay such unpaid amount, such Party shall pay to the other Party interest on such unpaid amount calculated at an annual rate of interest equal to the Prime Rate plus one percentage point on a day-to-day basis for the period from the day on which such unpaid amount first became due and payable, to the day on which payment of such unpaid amount, together with such interest, is received by the other Party.
 - (f) For avoidance of doubt, the amount payable by the Parties in respect of the adjustments as provided in this Clause 4.02 shall not be subject to, and shall not be counted toward, the thresholds for and the limitations of Transferor's Liability provided for in Clause 13.03 of the Property Transfer Procedure.
- B. Notwithstanding the preceding Subclause 4.02A, each Party will have the right, within the later of 6 months following the distribution of the Final Statement of Adjustments by the Transferor under Paragraph 4.02A(b) or 12 months following the Closing Date, upon at least five Business Days' prior notice to the other Party, to examine, copy and audit the accounting and financial records of the other Party relative to the Assets or the operation thereof for the purposes of effecting or verifying the calculation or re-calculation of the adjustments provided for under this Article, provided that: 1. in the case of inquiries relating to a Thirteenth Month Adjustment or an audit conducted by a Third Party (other than a Governmental Authority), such period shall extend to the end of the three year period immediately following Closing; and 2. in the case of inquiries relating to an audit initiated by a

Governmental Authority, such period shall extend to the end of the five year period immediately following Closing. The auditing Party will, upon reasonable notice, conduct that audit at its sole expense during normal business hours at the offices of the audited Party or at such other premises where those records are maintained. Any claims of discrepancies disclosed by that audit will be made in writing to the audited Party within 2 months following completion of the audit. That Party will respond in writing to any such claims within 6 months of receipt of notice of those claims. The Parties will resolve any outstanding claims of discrepancies under Article 9.00 if they are unresolved within 2 months of that response.

- C. Notwithstanding Paragraphs 4.02A(b) and 4.02A(c), in addition to the settlement of the Final Statement of Adjustments, further adjustments on the basis indicated in this Article will be made as and when those items arise if notice requesting that adjustment, including reasonable particulars thereof, has been given by a Party to the other Party within 30 days following receipt of a Thirteenth Month Adjustment or a completed and agreed to audit or other report and the need for that adjustment arises from:
- (a) in response to a notice by one Party to the other Party within the one year period immediately following Closing, which notice shall identify in reasonable detail an adjustment permitted under Clause 4.01 that was not previously made between the Parties or, if previously made, was not made accurately; or
 - (b) in connection with a Thirteenth Month Adjustment, operator error adjustments or errors established by joint venture audits within 36 months after the Closing Date but only if a claim in respect of such Thirteenth Month Adjustment is made by one Party to the other Party within three years after Closing. If such notice is not given within such period, no adjustment in this regard shall be made; or
 - (c) as a consequence of an audit relating to the Assets that was conducted by a Third Party (other than a Governmental Authority) having rights to do so pursuant to the Title and Operating Documents, but only if a claim in respect of such an audit is made by one Party to the other Party within three years after Closing. If such notice is not given within such period, no adjustment in this regard shall be made; or
 - (d) an audit initiated by a Governmental Authority, but only if a claim in respect of such an audit is made by one Party to the other Party within five years after Closing. If such notice is not given within such period, no adjustment in this regard shall be made.
- D. Subject to Article 9.00 and the timing restrictions in this Article 4.00, the Parties agree that the period for seeking a remedial order under section 3(1)(a) of the *Limitations Act* (Alberta) is extended from 2 years to 4 years for all claims that may arise under this Article 4.00 respecting adjustments and audits."
9. Treatment of Income During Interim Period (Clause 4.03): Alternate 2
Income Tax Adjustments if Alternate 1 applies: 0%
Exception to 4.03A if Alternate 1 applies (Subclause 4.03B): will / will not ___ apply
10. Transferor's Representations and Warranties (Clause 6.02). Those representations and

warranties that apply are indicated below:

- | | |
|---|--|
| <input checked="" type="checkbox"/> (a) Residency for Tax Purposes | <input checked="" type="checkbox"/> (m) Abandonment of Wells |
| <input checked="" type="checkbox"/> (b) Lawsuits and Claims | <input checked="" type="checkbox"/> (n) Condition of Tangibles |
| <input checked="" type="checkbox"/> (c) No Default Notices | <input checked="" type="checkbox"/> (o) Well and Tangibles Licence Transfers |
| <input checked="" type="checkbox"/> (d) Compliance With Leases and Agreements | <input checked="" type="checkbox"/> (p) Regulatory Production Penalties |
| <input checked="" type="checkbox"/> (e) Payment of Royalties and Taxes | <input checked="" type="checkbox"/> (q) Regulator Production Allowables |
| <input checked="" type="checkbox"/> (f) Encumbrances | <input checked="" type="checkbox"/> (r) Area of Mutual Interest |
| <input checked="" type="checkbox"/> (g) No Reduction | <input checked="" type="checkbox"/> (s) No Offset Obligations |
| <input checked="" type="checkbox"/> (h) Sale Agreements | <input checked="" type="checkbox"/> (t) Commitment to Deliver |
| <input checked="" type="checkbox"/> (i) Provision of Documents | <input type="checkbox"/> (u) Alberta Royalty Tax Credits |
| <input checked="" type="checkbox"/> (j) Authorized Expenditures | <input checked="" type="checkbox"/> (v) Quiet Enjoyment |
| <input checked="" type="checkbox"/> (k) Environmental Matters | <input checked="" type="checkbox"/> (w) Additional Representations |
| <input type="checkbox"/> (l) Condition of Wells | |

11. Survival of Representations and Warranties (Clause 6.04): 12 months
12. Option to Terminate RE: ROFR Exercises (Subclause 7.01D): is deleted in its entirety.
13. Delivery of Title Defects Notices (Subclause 8.02A): 7 Business Days
14. Title Defects Mechanism (Subclause 8.02B): Alternate 1
If Alternate 2 applies: (i) \$ Value Threshold: \$
(ii) Transferor's termination threshold (Paragraph 8.02B(c)): N/A%
(iii) Transferee's termination threshold (Paragraph 8.02(d)): %
15. Responsibility of Transferor (Clause 13.01): (i) Subclause 13.01A: Alternate 1
(ii) Subclause 13.01B: 12 months

Subclause 13.01A. Alternate 1 is deleted in its entirety and replaced with the following:

"Subject to Clauses 5.04, 6.04, 13.03 and 13.04 and provided Closing has occurred, the Transferor will:

(a) be liable to the Transferee and its Additional Indemnitees for its Losses and Liabilities; and, as a separate covenant

(b) indemnify and hold harmless the Transferee, its Additional Indemnitees, and each of its directors, officers, agents, employees and consultants from and against all Losses and Liabilities;

as a direct result of the Transferor's breach, on or prior to the Closing Date, of any of the representations and warranties of the Transferor under this Agreement, except any Losses and Liabilities insofar as they are caused by a breach of the Transferee's representations or warranties under Article 6.00 or by the gross negligence or wilful misconduct of the Transferee, or any of its directors, officers, agents, employees or assigns."

16. Responsibility of Transferee (Clause 13.02)

Clause 13.02 is deleted in its entirety and replaced with the following:

"Subject to Clauses 5.04 and 6.04 and provided Closing has occurred, the Transferee will:

(a) be liable to the Transferor and its Additional Indemnitees for its Losses and Liabilities; and, as a separate covenant

(b) indemnify and hold harmless the Transferor, its Additional Indemnitees, and each of its directors, officers, agents, employees and consultants from and against all Losses and Liabilities;

as a direct result of any matter attributable to the Assets and occurring or accruing on or subsequent to the Effective Date, except any Losses and Liabilities insofar as they are caused by a breach of the Transferor's representations or warranties under Article 6.00 or by the gross negligence or wilful misconduct of the Transferor, or any of its directors, officers, agents or employees. The responsibility prescribed by this Clause, however, does not provide an extension of any representation or warranty under Clauses 6.01 and 6.03 or an additional remedy for the Transferee's breach thereof."

17. Limit on Transferor's Responsibility (Subclause 13.03A): will /will not _____ apply

18. Minimum Claim Threshold (Subclause 13.03B): will /will not _____ apply
\$ Value threshold if Subclause B applies: **\$10,000.00**

19. Address for Service (Clause 15.02):

Quattro Exploration and Production Ltd.
4110, 825 – 8 Avenue SW
Calgary Alberta T2P 3J4
Attention: Land Department
FAX: 403-984-3972

Lifeview Petroleum Inc.
P.O. Box 1808
644058 HWY 2
Athabasca, AB T9S 2B5
Attention: Harold Nikipelo

SCHEDULE "B"
Continued

**Attached to and forming part of an Agreement of Purchase and Sale
dated February 1, 2016
between and Quattro Exploration and Production Ltd., as Transferor, and Lifeview
Petroleum Inc., as Transferee**

Exhibit "A" to the Property Transfer Procedure

General Conveyance

Kerrobot and Edam Areas, Saskatchewan

This General Conveyance made this ____ day of _____, 2016.

BETWEEN:

TOUCHSTONE EXPLORATION INC. (hereinafter called the "Transferor")

-and-

QUATTRO EXPLORATION AND PRODUCTION LTD. (hereinafter called the "Transferee")

Whereas the Transferor has agreed to convey the Transferor's entire interest in the Assets to the Transferee and the Transferee has agreed to acquire the Transferor's interest in the Assets, the Parties agree as follows:

1. Definitions

In this General Conveyance, "Agreement" means the Agreement dated the 1st of February, 2016 between the Transferor and the Transferee. In addition, the definitions provided for in the Head Agreement and in the Property Transfer Procedure included as a Schedule to the Agreement are adopted in this General Conveyance.

2. Conveyance

The Transferor, for the consideration provided for in the Agreement, the receipt and sufficiency of which is acknowledged by the Transferor, conveys the Assets to the Transferee. The Transferee acquires those interests from the Transferor, subject to the terms of the Agreement, the Permitted Encumbrances and compliance with the terms of the Title and Operating Documents.

3. Effective Time

This General Conveyance is effective as of the Effective Date.

4. Subordinate Document

This General Conveyance is executed and delivered by the Parties under the Agreement for the purposes of the provisions of the Agreement, and the terms hereof are to be read in conjunction

with the terms of the Agreement. The Agreement will prevail if there is a conflict between the provisions of the Agreement and the General Conveyance.

5. Enurement

This General Conveyance enures to the benefit of and binds upon the Parties and their respective successors and assigns.

6. Further Assurances

Each Party will, after the date of this General Conveyance, on a timely basis and without further consideration, do all further acts and execute and deliver all further documents that are reasonably required to carry out the terms of this General Conveyance.

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

(Transferor)

(Transferee)

Schedule "C"

**Attached to and forming part of an Agreement of Purchase and Sale
dated February 1, 2016
between and Quattro Exploration and Production Ltd., as Transferor, and Lifeview
Petroleum Inc., as Transferee**

Representations and Warranties Certificate

OFFICER'S CERTIFICATE

RE: Article 6.00 of the Property Transfer Procedure incorporated as part of the Agreement of Purchase and Sale dated the 1st day of February, 2016 between Touchstone Exploration Inc., as Transferor, and Lifeview Petroleum Inc, as Transferee ("Agreement").

Unless otherwise stated, the definitions provided for in the Agreement are adopted in this Certificate.

I, _____ of ("Transferee/Transferor") hereby certify
that as of the date of this Certificate:

1. Each of the covenants, representations and warranties of Transferee/Transferor contained in Article 6.00 of the Property Transfer Procedure was true and correct in all material respects as of the Effective Date and is true and correct in all material respects as of the Closing Date.
2. This Certificate is made for and on behalf of Transferee/Transferor and is binding upon it, and the deponent herein is not and will not incur any personal liability whatsoever with respect to it.
3. This Certificate is made with full knowledge that Transferor/Transferee is relying on the same for the closing of the Transactions contemplated by the Agreement.
4. The Transferee/Transferor has performed or complied in all material respects with all of the covenants and obligations required to be performed under the Agreement prior to Closing.

IN WITNESS WHEREOF I have executed this Certificate

effective the 1st day of February, 2016.

TRANSFEEE OR TRANSFEROR

Per: _____

name: _____

title: _____