

UNIT AGREEMENT

VIRDEN ROSELEA UNIT NO. 4

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UNIT AGREEMENT

VIRDEN ROSELEA UNIT NO.4

WHEREAS the Parties own Royalty Interests and Working Interests, or either of them, in the Unitized Zone;

AND WHEREAS the Parties desire that the Unitized Substances be developed, produced and operated as a unit, as hereinafter provided;

NOW THEREFORE in consideration of the covenants herein contained, the Parties agree as follows:

ARTICLE I: DEFINITIONS

101. Definitions

In this Agreement:

- (a) "Crown" means Her Majesty the Queen in Right of the Province of Manitoba;
- (b) "Effective Date" means the time and date referred to in Article XIV;
- (c) "Lease" means an instrument granting a Working Interest in lands in the Unit Area;
- (d) "Minister" means the member of the executive Council charged by the Lieutenant Governor in Council with the administration of The Oil and Gas Act of Manitoba;
- (e) "Outside Substances" means any substances initially obtained from any source other than the Unitized Zone or any Unitized Substances with respect to which royalty has been paid;
- (f) "Party" means a person who is bound by this Agreement;
- (g) "Petroleum Branch" means Manitoba Growth, Enterprise and Trade Mineral Resources, Petroleum Branch established under The Oil and Gas Act;
- (h) "Petroleum Substances" means petroleum, natural gas and related hydrocarbons (except coal) and all substances whether gaseous, liquid or solid, which are produced in association therewith, or any of them;
- (i) "Royalty Interest" means:

- a. an ownership, fee simple, or similar estate in Petroleum Substances in the Unitized Zone; or
 - b. a right to a share of Petroleum Substances produced from the Unitized Zone, to a share of the proceeds from the sale of such Petroleum Substances, or to a payment based on the quantity and value of such Petroleum Substances, but does not include a Working Interest, the interest of a purchaser or such Petroleum Substances after production, or a mortgage, charge or like interest granted as security in a financial transaction;
- (j) "Royalty Owner" means a Party owning a Royalty Interest in or in respect of Unitized Substances
 - (k) "Spacing Unit" means the area allocated to a well by the Petroleum Branch with respect to the Unitized Zone for the purpose of drilling for or producing Petroleum Substances;
 - (l) "Tract" means a parcel of land described and given a Tract number in Exhibit "A" and shown outlined on Exhibit "D";
 - (m) "Tract Participation" means the participation percentage allocated to a Tract pursuant to Article VI and set forth in Exhibit "B"
 - (n) "Unit Area" means the lands outlined on Exhibit "D";
 - (o) "Unit Operations" means any operations or activities undertaken in connection with the Unitized Zone, the production or handling of Unitized Substances or the installation, operation, maintenance or removal of equipment or facilities, insofar as such operations or activities have been authorized or provided for under this agreement;
 - (p) "Unit Operator: means the Party designated in Clause 402 hereof;
 - (q) "Unitized Substances" means Petroleum Substances in or obtained from the Unitized Zone;
 - (r) "Unitized Zone" means the Lodgepole formation underlying the lands within the Unit Area as same is shown on the electric log of the 100/02-26-010-26W1M well between the interval of 596.6 mKB (1957 ft KB) and 688.2 mKB (2258 ft KB);
 - (s) "Working Interest" means any interest which entitles the owner thereof to produce and dispose of, or to participate in the production and disposition of Petroleum Substances from the Unitized Zone, and with which is

- associated a responsibility to bear all or a portion of the costs of recovering such Petroleum Substances; and
- (t) "Working Interest Owner" means a party owning a Working Interest in or in respect of Unitized Substances.

ARTICLE II: EXHIBITS

201. Exhibits

The following exhibits are attached to and incorporated into this Agreement:

- (a) Exhibit "A" which numbers and describes each Tract and the names of the Working Interest owners and their respective share of Working Interest;
- (b) Exhibit "B" which sets out the names and respective share of Royalty Interest of the Royalty Owners and the respective Tract Participation;
- (c) Exhibit "C" which sets out the unit interest and participants;
- (d) Exhibit "D" which is a plat of the Unit Area identifying the Tracts; and
- (e) Exhibit "E" which sets out the wells being contributed to the unit.

202. Exhibits Correct

Each exhibit shall be deemed conclusively to be correct to the effective time of a revision or correction thereof as herein provided.

203. Correction of Exhibits

If any mistake or error occurs in an exhibit, Unit Operator shall prepare a corrected exhibit but the data used in establishing Tract Participation will not be re-evaluated.

204. Effective Time

Any corrected exhibit prepared on or before the Effective Date or within ninety (90) days thereafter shall be effective on the Effective Date. Any corrected exhibit prepared after the said ninety (90) days will be effective at 8:00am (CST) on the first day of the calendar month upon receipt of notification.

205. Supplying of Exhibits

Any revised or corrected exhibit to this Agreement will be supplied by the Unit Operator to the Petroleum Branch (in duplicate) with copies to be provided to the Royalty Owners, excepting the Crown.

206. Form of Revised or Corrected Exhibits

Revised or corrected Exhibits will show the Effective time of the revision or correction and will be numbered consecutively.

ARTICLE III UNITIZATION AND EFFECT

301. Unitization

On or after the Effective Date the interests of each Royalty Owner and or the Working Interest Owner in the Unitized Substances and in the Unitized Zone are hereby unitized, in accordance with the provisions of this Agreement.

302. Continuation of Leases

All Unit Operations and all production of Unitized Substances shall, except for the purpose of calculating payments to the Royalty Owners, be deemed conclusively to be operations upon or production from all of the Unitized Zone in each Tract relating to the Unitized Zone or Unitized Substances as if such operations had been conducted on, or a well had been drilled and was producing from each Tract or Spacing Unit or portion thereof in the Unit Area. Until such time as the unitization provided for herein terminates pursuant to the provisions of Clause 1502, such unitization will continue in full force and effect each Lease and other agreement or an instrument relating to the Unitized Zone or Unitized Substances to the same extent as if a well had been drilled to and was throughout the terms of such unitization producing Petroleum Substances from all of the Unitized Zone in each Tract and each spacing unit or other parcel forming part thereof; provided however, that if under the terms of any Lease or other agreement or instrument relating to the Unitized Zone or Unitized Substances any Party would at any time be required to make any shut-in royalty or similar payment in the absence of actual production of Unitized Substances from the Unit Area, whether as an unconditional obligation or as a condition to continuing such Lease or other agreement or instrument in effect such payment requirement would continue to apply notwithstanding the deemed production provision of this Clause.

If during the term of this Agreement the production of Unitized Substances and the conduct of other Unit Operations is temporarily interrupted or suspended:

- (a) for any period not exceeding ninety (90) consecutive days; or
- (b) for any period during which an event of force majeure contemplated by clause 1305 is in effect,

then for the purposes of this Clause, Unitized Substances will be deemed to have been produced throughout any such period.

303. Leases Amended

Each Lease and any other agreement or instrument relating to the Unitized Zone or Unitized Substances are hereby amended only to the extent necessary to make it conform to this Agreement. If any Lease should at any time during the term of this Agreement become terminable in whole or in part, whether automatically in accordance with its terms or at the option of the lessor thereunder, as a result of any default in obligations relating to any lands or zones other than the Unitized Zone, such Lease or portion thereof shall continue in effect as it relates to the Unitized Zone as though it had only been granted in the Tract or Tracts to which it relates. The provisions of this Clause will not apply with respect to any default in obligations relating in whole or in part to the Unitized Zone.

304. Ratification of Leases

Except for a Lease in respect of which a Royalty Owner is involved in a court action which has been commenced and is pending as of the Effective Date of this Agreement, each Royalty Owner hereby ratifies each Lease as amended by this Agreement, to which it is a party and hereby confirms that no notice of default has been given and remains outstanding with respect to any such Lease and that each Lease is in effect as of the Effective Date. The provisions of this Clause do not constitute a waiver, and will not give rise to an estoppel of any right to pursue the enforcement of any outstanding obligation under any such Lease.

In the case of a discrepancy between any Lease and this Agreement, this Agreement will take precedence.

305. Effect of Unitization on Titles

Nothing in this Agreement will be construed as a transfer or exchange of any interest in the Leases, Tracts or Unitized Zone, or in the Unitized Substances before production thereof.

306. Names

The name of the Unit hereby constituted is Virden Roselea Unit No. 4

307. Equipment and Facilities

All equipment and facilities used in connection with the Unit Operations and hereto installed, fixed or constructed by the Working Interest Owners on or in lands within the Unit Area are and will remain the personal property of the Working Interest Owners and except as provided in Clause 1503, no interest in any such equipment and facilities will vest to the Royalty Owners as per the provisions of this Agreement.

ARTICLE IV AUTHORITY TO WORKING INTEREST OWNERS

401. Operations

The Working Interest Owners are hereby granted the right to develop and operate the Unitized Zone without regard to the provisions of the Leases or the boundary lines of the Tract or Spacing Units in such manner and by such means and methods as the Working Interest Owners consider appropriate. Without limiting the generality of the foregoing, the Working Interest Owners will have the right to inject any substance or combination of substances into the Unitized Zone and to convert and use as injection wells any wells drilled before or after the Effective Date of the Agreement on the Unitized Lands.

The Working Interest Owners are also hereby granted the right, subject to the Petroleum Branch approval, to pool Spacing Units located in the Unit Area with Spacing Units located outside of the Unit Area for the purpose of drilling a horizontal well. The Spacing Unit for such horizontal wells shall be deemed to be the area as specified in the Oil and Gas Act and the Crown Royalty and Incentive Regulation (Manitoba). The share of production from such horizontal wells will be calculated using the same methodology as set out in the above noted Act and Regulation.

The Working Interest Owners are also hereby granted the right, subject to Petroleum Branch approval, to drill horizontal or vertical injection wells within, upon over or across the Unit boundaries and the Working Interest Owners consent to such wells being produced prior to their conversion to injection wells.

402. Delegation

The Working Interest Owners delegate Corex Resources Ltd. as Unit Operator.

ARTICLE V: INCLUSION AND QUALIFICATION OF TRACTS

501. Tracts Included on Effective Date

The Tracts included in the Unit Area as of the Effective Date are those Tracts which are qualified under Clause 502:

- (a) before the Effective Date; or
- (b) on or within ninety (90) days after the Effective Date.

502. Qualification of Tracts

A Tract is qualified for inclusion in the Unit Area when its title has been approved by the Working Interest Owners under Clause 1102 and when:

- (a) owners of one hundred percent (100%) of the Working Interests therein have become Parties and owners of one hundred percent (100%) of the Royalty Interest therein have become Parties; or
- (b) owners of one hundred percent (100%) of the Working Interests therein have become Parties and owners of less than one hundred percent (100%) of the Royalty Interest therein have become Parties, and such owners of Working Interests agree, if required by the other Working Interest Owners, to indemnify the other Working Interest Owners in a form and manner satisfactory to them for any loss or damages that may be suffered by such other Working Interest Owners in respect of claims and demands that because of the inclusion of the Tract in the Unit Area, may be made by those owners of Royalty Interests in the Tract who have not become Parties; or
- (c) owners of the Working Interests therein have agreed with the owners of Working Interests Parties as to the basis on which the Tract shall become qualified where the Tract cannot be qualified pursuant to Subclause (a) or (b) of this Clause.

503. Revision of Exhibits

Within one hundred twenty (120) days after the Effective Date the exhibits shall be revised, if necessary, to set out only those Tracts included in the Unit Area under this Article. The revised Exhibit "A" will set forth the Tract Participation of the Tracts recalculated on the same basis and using the same data as that used in the calculation of Tract Participation in the original Exhibit "A" and so that their summation is one hundred percent (100%). The revised exhibits will be effective as of the Effective Date.

ARTICLE VI TRACT PARTICIPATION

601. Tract Participation

Each Tract has the Tract Participation as set out in Exhibit "B".

ARTICLE VII ALLOCATION OF UNITIZED SUBSTANCES PRODUCED

701. Allocation to Tracts

Subject to Clauses 801 and 802 the Unitized Substances when produced will be allocated to the Tracts in accordance with their Tract Participation. The amount of Unitized Substances allocated to each Tract, and only that amount, regardless of whether it is more or less than the amount of actual production of Unitized Substances from the well or wells, if any, on the Tract, will be deemed conclusively to have been produced from the Tract.

702. Allocation Among Parties

The Unitized Substances allocated to a Tract will be further allocated among the Working Interest Owners in the Tract as set forth in Exhibit "A", and the Working Interest Owners of each Tract will account to the Royalty Owners of such Tract for any royalty payable or deliverable to such Royalty Owners in respect of the Unitized Substances allocated to such Tract.

703. Calculation of Royalty

The Working Interest Owners of each Tract will calculate royalty on the Unitized Substances allocated to the Tract at the applicable rate under the Lease, other agreement or instrument relating to the Tract. The Royalty Owners of each Tract agree to accept payment or royalty so calculated in satisfaction of the obligation of a Working Interest Owner to make royalty payments on Unitized Substances under the Lease, agreement or other instrument covering such Tract; but a lessee under a Lease will not be relieved from making payment of royalty to its lessor if payment is not made by the Working Interest Owner.

All royalty calculation and rights of the Royalty Owner regarding take in kind provisions under the terms of the Lease will be in accordance with the Lease.

704. Taking Unitized Substances in Kind

The Unitized Substances allocated to a Tract will be delivered in kind at the time and place of production to the Working Interest Owners entitled thereto who may, if there is no interference with Unit Operations by them, construct, maintain and operate in the Unit Area all necessary facilities for taking delivery in kind.

705. Failure to Take in Kind

To the extent that a Working Interest Owner is entitled to take in kind any of the Unitized Substances, fails to take or otherwise dispose of them at the time and place of production, then so long as such failure continues, Unit Operator, as agent and for the account and at the expense of such Working Interest Owner may sell, store, inject or otherwise dispose of them. Where there is a sale the "net proceeds" remaining from the sale will be paid to the Working Interest Owner. Unit Operator may contract for the sale thereof only for the minimum term obtainable which in no event will exceed one month. When Unit Operator has so contracted, the Working Interest Owner may take its share of the Unitized Substances in kind upon the expiration of the current sales contract. The "net proceeds" for the purpose of this Clause will mean the proceeds from the sale of the non-taking Working Interest Owner's share of production, less all direct costs of the sale, including processing and shipping costs.

706. Royalty on Outside Substances

If an Outside Substance is injected into the Unitized Zone, the first like substance contained in the Unitized Substances subsequently produced and sold or used other than for operations hereunder will be deemed conclusively to be that Outside Substance until a quantity equal to the quantity of the Outside Substance injected into the Unitized Zone is recovered. No royalty will be payable on any substance which is deemed conclusively to be an Outside Substance.

707. Several Royalty Liability

Without limiting the generality of the provisions of Clauses 702 and 1304, nothing in this Agreement will be construed as giving rise to any right entitling the Royalty Owners of a Tract to look to any Working Interest Owners other than the Working Interest Owners of such Tract for the satisfaction of royalty obligations in respect of such Tract; provided however, that in the event that the Working Interest Owners of a Tract are not the same persons as the lessee under a Lease relating to the Tract, the provisions of this Clause will not be construed as relieving such lessee of any obligation to account for the royalty payable or deliverable to the lessor under such Lease if the Working Interest Owners fail to comply with their obligations in that respect.

ARTICLE VIII USE, LOSS AND RE-INJECTION OF UNITIZED SUBSTANCES

801. Use or Loss

The Working Interest Owners may use as much of the Unitized Substances, other than crude oil, as they deem necessary for Unit Operations. Unitized Substances so used or injected and Unitized Substances lost will be excluded in allocating Unitized Substances to Tracts, and no royalty or other payment will be payable in respect thereof. The provision of this Clause will not be construed as relieving the Unit Operator or any other Working Interest Owner from a liability which it would have for any loss of Unitized Substances resulting from its negligence or willful misconduct.

802. Re-Injection

The Working Interest Owners are hereby granted the right to re-inject Unitized Substances into the Unitized Zone for any purpose related to the Unit Operations. Unitized Substances so injected will be excluded in allocating Unitized Substances to Tracts, and no royalty will be payable in respect thereof until they are recovered for sale or for use other than for Unit Operations.

ARTICLE IX ENLARGEMENT OF UNIT AREA

901. Enlargement

After the expiration of ninety (90) days following the Effective Date, if an owner of a Working Interest in lands adjoining the Unit Area makes application to enlarge the Unit Area to include such adjoining lands which appear to be potentially productive of Petroleum Substances from the Unitized Zone, the Working Interest Owners may approve the enlargement of the Unit Area to include such adjoining lands on such terms and conditions as the Working Interest Owners may consider appropriate and if such adjoining lands qualify for inclusion in the Unit Area under Clause 502, the Unit Area will be enlarged to include such adjoining lands. Notwithstanding that any owner of a Working Interest or a Royalty Interest in such adjoining lands is already a Party, such owner will not for the purposes of the qualification of such adjoining lands under Clause 502, to be considered to have executed and delivered this Agreement until it executes and delivers to the Unit Operator an additional counterpart of this Agreement incorporating exhibits which reflect the proposed enlargement and which are stated to be effective as of the effective date of the enlargement.

902. Adjustment of Tract Participation

The Tract Participation of each Tract added pursuant to Clause 901 will be determined by the Working interest Owners. The Tract Participation will then be adjusted in order that:

- (a) the ratios of the Tract Participation of Tracts shown on Exhibit "A" immediately prior to the enlargement remain the same to each other; and
- (b) the total of the Tract Participation for all Tracts of the enlarged Unit Area and Unitized Zones is one hundred percent (100%).

903. Exhibits

Unit Operator will revise Exhibits "A", "B" and "D" as required by the enlargement.

904. Effective Time of Enlargement

An enlargement pursuant to Clause 901 and an adjustment of Tract Participation under this Article will become effective at 8:00am CST on the first day of the first calendar month following approval of admission under Clause 901, Tract qualification under Clause 502 and the date this Agreement is registered by the Petroleum Branch.

905. No Retroactive Adjustment

There will never be any retroactive adjustment of the allocation of Unitized Substances by reason of an enlargement under this Article.

906. No Enlargement Without Royalty Owner Consent

No Enlargement of the Unit Area may be implemented without the written consent of all Royalty Owners.

ARTICLE X DISPUTES

1001. Disputes

If the title or right of a Party to receive in kind all or any portion of the Unitized Substances allocated to a Tract, or any share of the proceeds from the sale thereof, is in dispute, the Party concerned will give notice to the Unit Operator. If Unit Operator is so notified or if Unit Operator is directed to do so by the Working Interest Owners in the event that it is otherwise informed of the dispute, Unit Operator will withhold and sell the portion of the Unitized Substances the title or right to which is in dispute, and hold in trust the proceeds from the sale thereof until:

- (a) the Party concerned furnishes security in a form and manner satisfactory to the Working Interest Owners of the proper accounting to the rightful owner or owners if the title or right of the Party will fail in whole or in part whereupon the proceeds will be paid to the party; or
- (b) the title or right thereto is established by a final judgement of a Court or otherwise to the satisfaction of the Working Interest Owners, whereupon such proceeds will be paid to the person rightfully entitled.

If Unit Operator does not comply with this Clause because it is not notified of a dispute by a Party concerned, that Party hereby agrees to indemnify and save harmless Unit Operator because it was not notified.

In the performance of its obligations under this Clause the Unit Operator will endeavor where practicable to honor existing marketing arrangements of which it is aware and will not be obligated to take any steps which would adversely affect any arrangements for the marketing of its own Unitized Substances. In the event that the Unit Operator is unable to reasonably effect suitable marketing arrangements for any Unitized Substances withheld by it pursuant to the provisions of this Clause, the provisions of Clause 705 will apply.

ARTICLE XI APPROVAL OF TITLES

1101. Titles Committee

The Working Interest Owners will appoint a titles committee which will investigate the ownership of all Tracts. Each Working Interest Owner will submit to the titles committee such title data and information as the titles committee may reasonably require from time to time. The titles committee will report the result of its investigations to the

Working Interest Owners specifying the titles to Tracts which it unanimously recommends for approval.

1102. Approval of Titles by Working Interest Owners

The Working Interest Owners may approve:

- (a) the titles of Working interest Owners to Tracts which have been unanimously recommended of approval by the Titles Committee; and
- (b) the titles of Working Interest Owners to Tracts which have not been unanimously recommended for approval by the Titles Committee but with respect to which such Working Interest Owners have agreed to indemnify the other Working Interest Owners in a form and manner satisfactory to them from loss or damage that may be suffered by them in respect of claims and demands made because of subsequent failure of the Working Interest Owners' title.

Notwithstanding the foregoing, the Working Interest Owners may approve any title that has not been unanimously recommended for approval by the Titles Committee.

1103. Subsequent Failure of Title

If the title of a Working Interest Owner to a Tract fails, the Tract will be excluded from this Agreement of 8:00am CST of the first day of the calendar month in which the failure of title is finally determined unless:

- (a) any other Party is held or declared to own the title in which event that Party will be bound by this Agreement in respect of the Tract;
- (b) by the last day of the next following calendar month the Tract qualifies for inclusion in the Unit Area pursuant to Clause 502.

1104. Revision of Exhibits

Unit Operator will revise the exhibits to reflect any change in ownership in or exclusion from this Agreement of a Tract pursuant to Clause 1103. Where a Tract is excluded, the Tract Participation of other Tracts will each be increased without changing their ratios to each other, so that their summation is one hundred percent (100%). The revised exhibits will be effective as of 8:00am CST on the first day of the calendar month in which the failure of title referred to in Clause 1103 is finally determined.

ARTICLE XII TRANSFER OF INTEREST

1201. Disposition

In this Clause, "disposition" means a sale, assignment, transfer, lease, sublease, conveyance, parting with possession or any transaction of a similar nature whether by trust or otherwise. A disposition of an interest owned by a Party in a Tract will cover the whole or an undivided interest in the Party's interest in such Tract. A disposition will not be binding on Unit Operator until the acquiring parties who are not Parties have executed and delivered to Unit Operator counterparts of this Agreement and at least one of the parties thereto has given notice thereof to the Unit Operator. Unit Operator will revise the exhibits to reflect each disposition of an interest in a Tract and the revised exhibits will be effective as of 8:00 am CST on the first day of the calendar month next following the calendar month in which the notice is received by Unit Operator.

If a Party changes its name or undergoes any other change affecting the information contained in Exhibit "A", other than by way of disposition such Party will provide the Unit Operator with written notice of such change, together with a copy of a document evidencing the same. The Unit Operator will revise Exhibit "A" to reflect such change, and the revised version of Exhibit "A" will be effective as of 8:00am CST on the first day of the calendar month next following the calendar month in which the notice is received by the Unit Operator.

ARTICLE XIII IN GENERAL

1301. Counterpart Execution

This Agreement may be executed in separate counterparts and all the executed counterparts together will constitute one Agreement. Upon all parties having executed counterparts, the Unit Operator will provide a complete set of counterpart pages to each Party.

1302. Dual Capacity

If a Party owns a Working Interest and a Royalty Interest, its execution of this Agreement will constitute execution in both capacities.

1303. Subsequent Execution

An owner of an interest in a Tract who has not become a Party as of the date the Tract was included in the Unit Area under Article V or IX may become a Party with respect to that interest only on such terms and conditions as may be prescribed by the Working Interest Owners.

1304. No Partnership

The duties and obligations of the Parties shall be separate and not joint or collective. Nothing in this Agreement will be construed to create a partnership or association.

1305. Force Majeure

Neither Unit Operator nor any Party shall be deemed to be in default with respect to non-performance including delay or failure to partially perform any or all of its obligations hereunder, other than financial, if and so long as its non-performance is due, in whole or in part, to any cause beyond its reasonable control, but lack of funds will not be a cause beyond a Party's reasonable control. The performance of such obligations will begin or be resumed within a reasonable time after such cause has been removed. Neither this Agreement nor any Lease or any other agreement or instrument relating to the Unitized Zone or Unitized Substances will terminate by reason of suspension of Unit Operations for the cause set forth in this Clause.

1306. Taxes

Each Party will be separately liable to the extent of its ownership for all taxes on Unitized Substances and with respect to the production or sale of Unitized Substances. A Working Interest Owner may, at any time pay said taxes on behalf of its Royalty Owner and deduct the amount of the payment from the Royalty Owner's royalty in accordance with the Lease. Those taxes with respect to the production or sale of Unitized Substances will be adjusted so that they are borne as if the basis of taxation was the allocation of Unitized Substances hereunder.

1307. Right of Redemption

A Working Interest Owner may at any time with full rights of subrogation redeem for its Royalty Owner any agreement for sale, mortgage or other lien or encumbrance of any kind or nature affecting any interest in the Unit Area in the event of default of payment by the Royalty Owner and deduct the amount of any payment made hereunder from the Royalty Owner's royalty.

1308. Number and Gender

In this Agreement words importing the singular include the plural and vice versa, words importing gender include the masculine, feminine and neutral genders and references to persons include individuals, firms, corporations, partnerships, bodies politic and other entities all as the contract may require.

1309. Compliance with Legislation

This Agreement will be governed by and construed in accordance with the laws of the Province of Manitoba and each of the Parties submits to the nonexclusive jurisdiction of the courts of the Province of Manitoba for the interpretation and enforcement hereof.

1310. Time

In this Agreement all times are "official times" as defined in The Official Time Act of the Province of Manitoba.

1311. The Oil and Gas Act

The provisions of The Oil and Gas Act and regulations of Manitoba thereunder, as amended from time to time, take precedence over this agreement.

ARTICLE XIV EFFECTIVE DATE

1401. Effective Date

The unitization provided for herein will become effective at 8:00am CST on the first day of the first calendar month following:

- (a) the date of the qualification under Clause 502 of Tracts having a combined Tract Participation of one hundred percent (100%) as originally set out in Schedule "A"; and
- (b) the date this Agreement is registered by the Petroleum Branch.

1402. Notice of Effective Date

The Unit Operator will notify all Working Interest Owners of the Effective Date and each Working Interest Owner will advise each of its Royalty Owners of same.

1403. Release of Parties

This Agreement will cease to bind the Parties if the unitization provided for has not become effective on or before December 31, 2018.

ARTICLE XV TERM

1501. Effect of Execution and Delivery

Subject to Clause 1403, this Agreement is binding upon a person who executes and delivers a counterpart to Unit Operator and that person is bound by this Agreement as of the time of such delivery. This Agreement enures to the benefit of and is binding upon the heirs, executors, administrators, successors and assigns of the Parties.

1502. Termination

This Agreement terminates ninety (90) calendar days after all wells for the production of Unitized Substances in the Unit Area have been abandoned, plugged or disposed of and thereafter the Parties will be governed by the terms and provisions of their Leases and other agreements or instruments relating to the unitized Zone or Unitized Substances.

1503. Salvaging Equipment Upon Termination

The Royalty Owners grant the Working Interest Owners the right for a period of 6 months after termination of this Agreement to salvage, sell, distribute or otherwise dispose of the personal property and facilities used in connection with Unit Operations.

1504. Notice to Royalty Owners

The Working Interest Owners will give notice in accordance with their Leases to their respective Royalty Owners of the termination of this Agreement within thirty (30) calendar days thereafter.

1505. Enurement

Subject to the provisions of Clauses 1201 and 1501, this Agreement will enure to the benefit of, and be binding upon the respective heirs, executors, administrators, successors and assigns of the Parties.

1506. Notices

Except with respect to notices and communications between a Working Interest Owner and its Royalty Owners, as governed by the applicable Lease or other agreement or instrument, all notices and other communications to be given in connection with this Agreement will be in writing and will be sufficiently given:

- (a) if delivered by hand or by courier to a Party at its address for service such delivery will be deemed received by the Party when actually delivered, if the delivery is during the Party's normal business hours on any Day other than a Saturday, Sunday or statutory holiday. If such notice or other

communication is not delivered during the Party's normal business hours, such notice or other communication will be deemed to have been received by the Party on the Day next following the date of delivery, other than a Saturday, Sunday or statutory holiday;

- (b) except during any period of actual or impending postal disruption, if sent by first class mail, or by airmail from outside Canada or the United States, postage prepaid, to a Party at its address for service will be deemed received by the Party on the fourth Day following the date of mailing (Saturdays, Sunday and statutory holidays excepted). However, if postal service is interrupted or operating with unusual or imminent delay, such notice or other communication will not be sent by such means; and
- (c) to a Party which has provided a direct telecommunication number as part of its address for service, such transmission will be deemed received by the Party when actually received if such transmission is during the Party's normal business hours on any Day other than a Saturday, Sunday or statutory holiday. If such notice or other communication is not received during the Party's normal business hours, such notice or other communication will be deemed to have been received by the Party on the Day next following the date of transmission other than a Saturday, Sunday or statutory holiday.

1507. Time is of the Essence

Time is of the essence in this Agreement.

1508. Headings

The heading of the Articles and Clauses of this Agreement have been inserted for convenience only and will not affect the construction or interpretation hereof.

EXHIBIT "A"

ATTACHED TO AND MADE PART OF THE AGREEMENT ENTITLED UNIT AGREEMENT – VIRDEN ROSELEA UNIT NO. 4

TRACT NUMBERS AND THE PRIMA FACIE WORKING INTEREST OWNERS

Tract <u>No.</u>	<u>Land Description</u>	<u>Working Interest Owner</u>	<u>Working Interest</u>
1-24	03-24-010-26 W1M	Corex Resources Ltd.	100%
2-24	04-24-010-26 W1M	Corex Resources Ltd.	100%
3-24	05-24-010-26 W1M	Corex Resources Ltd.	100%
4-24	06-24-010-26 W1M	Corex Resources Ltd.	100%

EXHIBIT “B”

ATTACHED TO AND MADE PART OF THE AGREEMENT ENTITLED UNIT AGREEMENT – VIRDEN ROSELEA UNIT NO. 4

TRACT FACTORS AND ROYALTY OWNERS

Tract Number	Owner	Royalty Interest	Tract Participation
1-24	Carole [REDACTED] Computershare Trust Company of Canada Charles [REDACTED] Katherine [REDACTED] Donald [REDACTED]	12.5% 25% 25% 12.5%	22.571532996%
2-24	Carole [REDACTED] Computershare Trust Company of Canada Charles [REDACTED] Katherine [REDACTED] Donald [REDACTED]	12.5% 25% 25% 12.5%	25.444583285%
3-24	Carole [REDACTED] Computershare Trust Company of Canada Charles [REDACTED] Katherine [REDACTED] Donald [REDACTED]	12.5% 25% 25% 12.5%	26.164718612%
4-24	Carole [REDACTED] Computershare Trust Company of Canada Charles [REDACTED] Katherine [REDACTED] Donald [REDACTED]	12.5% 25% 25% 12.5%	25.819165107%

EXHIBIT “C”

**ATTACHED TO AND MADE PART OF THE AGREEMENT ENTITLED
UNIT AGREEMENT – VIRDEN ROSELEA UNIT NO. 4**

LIST OF OWNERS AND THEIR RESPECTIVE UNIT PARTICIPATIONS

Corex Resources Ltd.	100%
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EXHIBIT “D”

ATTACHED TO AND MADE PART OF THE AGREEMENT ENTITLED
UNIT AGREEMENT – VIRDEN ROSELEA UNIT NO. 4

UNIT AREA

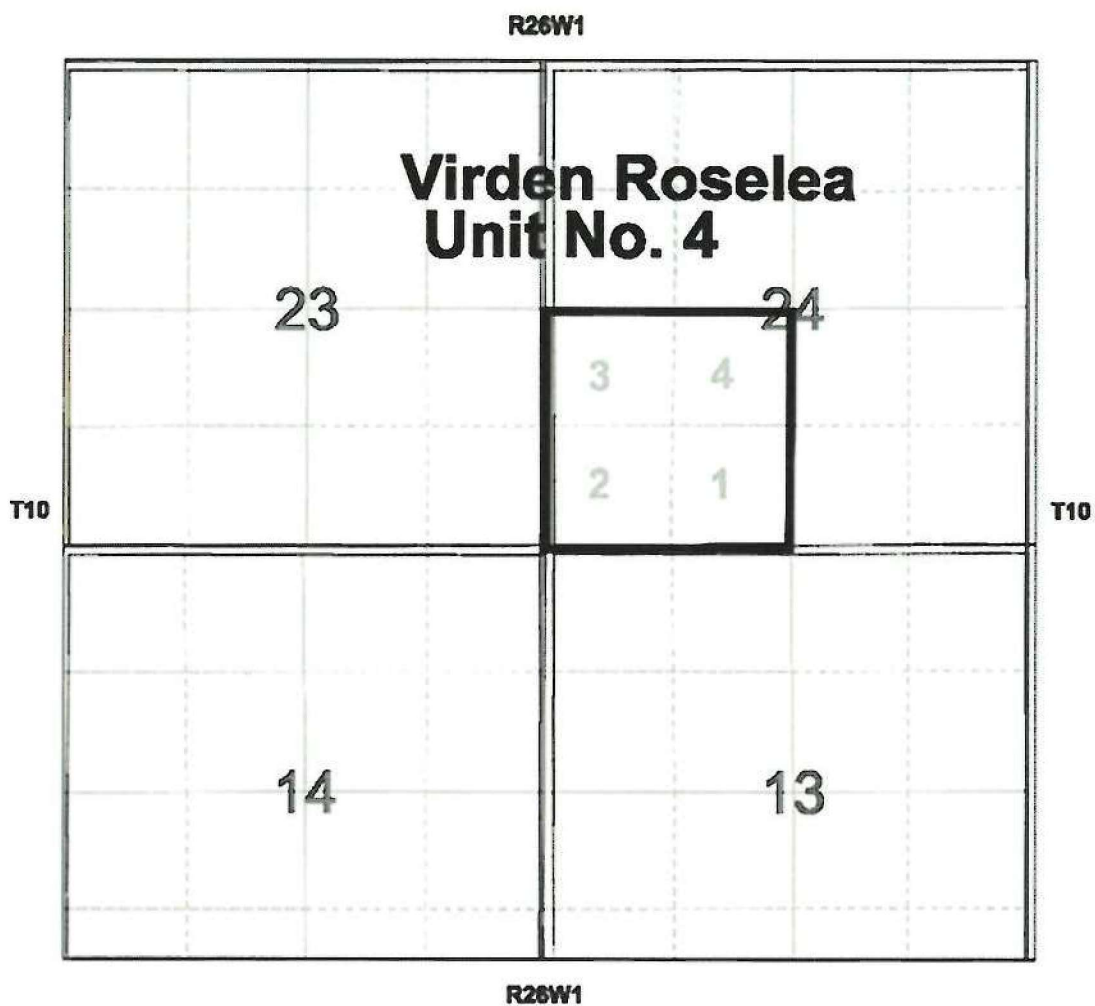


EXHIBIT “E”

**ATTACHED TO AND MADE PART OF THE AGREEMENT ENTITLED
UNIT AGREEMENT – VIRDEN ROSELEA UNIT NO. 4**

WELLS CONTRIBUTED TO VIRDEN ROSELEA UNIT NO. 4

<u>UWI</u>	<u>Well Licence Number</u>
100/03-24-010-26W1/00	483
102/03-24-010-26W1/00	10672
103/03-24-010-26W1/00	10673
100/04-24-010-26W1/00	977
102/04-24-010-26W1/00	2347
100/05-24-010-26W1/00	466
100/06-24-010-26W1/00	476
102/06-24-009-28W1/00	10578