

COURT FILE NUMBER **25-070477**

COURT **COURT OF QUEEN'S BENCH OF ALBERTA**

JUDICIAL CENTRE **CALGARY**

DOCUMENT **FIRST REPORT OF THE TRUSTEE IN THE MATTER OF
THE BANKRUPTCY OF
ABACAN RESOURCE CORPORATION**

DATE **OCTOBER 16, 2020**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF PARTY
FILING THIS DOCUMENT:

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1. INTRODUCTION AND PURPOSE OF REPORT

Introduction

1. On March 3, 2000, Abacan Resource Corporation (“**Abacan**” or the “**Company**”) filed an assignment in bankruptcy and KPMG Inc. (“**KPMG**”) was appointed as trustee of the estate of the bankrupt.
2. On March 23, 2016, an Order of Mr. Justice Jones (the “**March 23 Order**”) was pronounced which, amongst other things, discharged the Trustee of its duties.
3. At the time of the March 23 Order, the original legal opinion provided by counsel in 2000 which spoke to the ranking of priority creditors (the “**Priority Opinion**”) could not be located. As discussed below, Credit Suisse First Boston (“**CSFB**”) was involved in a transaction with the Trustee and, absent the Priority Opinion, was believed to hold a first ranking position in the estate based on a contemporaneous review of the materials and the recollection of counsel prior to the March 23 Order.
4. Subsequent to the March 23 Order, the Priority Opinion was located, and reviewed by KPMG’s counsel. Based upon the content of the Priority Opinion, it appears that CSFB is in fact not a secured creditor as it did not complete registration of any of its security in Alberta or effect any registration in the Personal Property Registry. As a result, the Trustee determined that its discharge was premature as there was clearly an obligation to undertake a claims and distribution process which would include reviewing proofs of claim filed by the creditors in 2000 and seeking new proofs of claim relating to certain other creditors of ARC.
5. Subsequently, an Order of Mr. Justice MacLeod was pronounced on May 9, 2017 (the “**May 9 Order**”) which set aside *nunc pro tunc* the March 23 Order.
6. At the time of the March 23 Order, the Company’s only remaining asset was a Gross Overriding Royalty (“**GOR**”) agreement between Abacan and ConocoPhillips (“**CP**”) for well 100/05-29-048-12W5/02 in Alberta. The sale of this GOR was originally approved pursuant to the

March 23 Order. As a result of the May 9 Order, this sale was set aside, and the GOR was returned to the estate.

7. KPMG has since remarketed the GOR for sale, and entered into a sale agreement (the “**Royalty Sale Agreement**”) with Kensington Royalty Corp and Stikine Resources Ltd. (the “**Purchasers**”), conditional upon approval of this Court.

Purpose of the Report

8. This is the Trustee’s first report to the Court (the “**First Report**” or this “**Report**”) which has been prepared in support of the Trustee’s application for approval of the Royalty Sale Agreement.

Terms of Reference

9. All materials filed with the Court and all orders granted by the Court in connection with the bankruptcy proceedings will be made available to creditors and other interested parties in electronic format on the Trustee’s website <https://home.kpmg/ca/en/home/services/advisory/deal-advisory/creditorlinks/abacan-resource-corporation.html> (the “**Trustee’s Website**”).
10. In preparing this Report, the Trustee has been provided with, and has relied upon, unaudited and other financial information, books and records (collectively, the “**Information**”) prepared by the Companies and/or their representatives, and discussions with the Companies’ management and/or representatives.
11. The Trustee has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. The Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards pursuant to the Chartered Professional Accountants Handbook, and accordingly the Trustee expresses no opinion or other form of assurance in respect of the Information.
12. The information contained in this Report is not intended to be relied upon by any prospective purchaser or investor in any transaction with the Trustee.
13. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

2. ROYALTY SALE AGREEMENT

14. The final remaining asset of the estate is the GOR in respect of well 100/05-29-048-12W5/02, located in Alberta. On January 1, 2016, the Trustee sold the GOR to Novare Holdings Ltd. At the time of sale, the GOR was producing approximately \$100 per month for the estate. The continuing costs of estate administration were in excess of the financial benefit of retaining the GOR and, accordingly, the Trustee sold the GOR for \$10. The sale was approved by the Court pursuant to the March 23 Order.
15. However, given the May 9 Order the GOR reverted to the bankrupt estate, and the Trustee began to collect royalty payments once again.
16. The Trustee then began a lengthy administrative process to reverse the transaction and, effectively, return the GOR to CP. This process was complicated because ConocoPhillips had subsequently sold its interest in the GOR to Cenovus Energy in late 2017.
17. Although the Trustee approached Cenovus to sell the estate's GOR, Cenovus declined to submit an offer.
18. As previously, the GOR was not generating sufficient royalties to offset the costs of keeping the bankruptcy estate open. Accordingly, the Trustee commenced a new sales process. Beginning in August of 2019, the Trustee re-marketed the GOR, advertising the GOR for sale for six consecutive weeks in the *Daily Oil Bulletin*. The deadline for offers was set at October 25, 2019.
19. Two offers for the GOR were received from the following bidders:
 - a) PrairieSky Royalty Ltd., for \$5,000; and
 - b) A joint bid from the Purchasers., for \$11,000.
20. After clarification of certain conditions in each party's bid, the Trustee accepted the bid from the Purchasers. The Royalty Sale Agreement is effective May 1, 2019, and closed February 28, 2020, subject to the approval of the Court.
21. The last meeting of inspectors took place in the year 2000. Despite its best efforts, the Trustee has been unable to establish contact with the inspectors of the estate, Alex Gantner from CSFB and Roberto Giovannone from Total International Limited ("**Total**"). The Trustee has contacted CFSB

and Total, and has been informed each are no longer employed by the respective companies. Attempts to contact the individuals through personal contact details have been met with no response. As such, the Trustee has been unable to put forth any recent matters for inspector approval.

22. From the time the GOR was returned to the estate in May 2017, the Trustee has collected approximately \$9,100 in royalties to date. Given the minimal value of the GOR, and the fact that it remains the final asset of the estate, the Trustee is seeking approval of the sale from the Court, without notice to any party.
23. The Trustee supports the Royalty Sale Agreement for the following reasons:
 - a) A fulsome sales process was conducted, exposing the GOR to a broad market;
 - b) The Purchasers bid will generate the highest proceeds for the estate; and
 - c) Approval of the Royalty Sale Agreement will allow the Trustee to dispose of the final asset in the estate, finalize estate administration, and seek its discharge.

3. TRUSTEE'S RECOMMENDATION

24. The Trustee submits this First Report, respectfully requesting that the Court:
- a) Approve the Royalty Sale Agreement.

This Report is respectfully submitted this 16th day of October, 2020.

KPMG Inc.

**In its capacity as Trustee of
Abacan Resource Corporation
and not in its personal or corporate capacity**



Per: Neil Honess
Senior Vice President

APPENDIX "A"
ROYALTY SALE AGREEMENT

ROYALTY SALE AGREEMENT

Made as of February 27, 2020

Between

KPMG Inc., the trustee in Bankruptcy for Abacan Resource Corporation
(the “Transferor”)

and

Kensington Royalty Corp. and Stikine Resources Ltd.
(the “Transferees”)

RECITALS

A. The Transferor owns a gross overriding royalty of 3% based on 10% of the gross monthly production of both crude oil, after separating and treating, natural gas and petroleum substances other than crude oil and natural gas produced from the NW ¼ of Section 29 Township 48 Range 12 West of the 5th Meridian, as to petroleum and natural gas below the base of the Shunda, to the base of the Nisku, payable to the Transferor pursuant to a Gross Overriding Royalty Agreement dated May 1, 1996 originally between Abacan Resource Corporation and Gulf Canada Resources Limited (the “Royalty”);

B. The Transferor and Transferees have agreed that the Transferor hereby sells and assigns in and related to the Royalty to Kensington Royalty Corp. and Stikine Resources Ltd., the Transferees each as to a 50% ownership of the royalty interest on the terms and conditions set out in this Agreement.

FOR VALUE RECEIVED, the parties agree as follows:

ARTICLE 1 – INTERPRETATION

Section 1.1 - Headings and References

The division of this Agreement into sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular section, subsection or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to “Sections” are to sections, subsections and further subdivisions of sections of this Agreement.

Section 1.2 - Currency

All references to currency or dollar amounts in this Agreement are to lawful currency of Canada.

ARTICLE 2 – TRANSFER

Section 2.1 - Transfer

The Transferor hereby sells, transfers and assigns fifty percent (50%) of all its right, title and interest in and relating to the Royalty to each of the Transferees, for a total of one hundred percent (100%), and the Transferees each purchase 50% of the Royalty from the Transferor, and accept such sale, transfer and assignment, effective as of 12:01 a.m., Calgary time, on the day and year of this Agreement, all upon and subject to the terms and conditions of this Agreement (the “Transfer”).

Section 2.2 – Payment

As consideration for the Transfer, the Transferees agree to pay to the Transferor the total of Eleven Thousand Dollars (\$11,000) (the “Purchase Price”). The Transferees shall pay the Purchase Price by delivering a cheque in the amount of \$5,500 from each of the Transferees to the Transferor concurrently with the Transferees’ execution and delivery of this Agreement. No interest shall be charged on the purchase price.

Section 2.3 – Allocation of Purchase Price

The purchase price shall be allocated amongst the assets as follows:

Royal Interest - \$10,990 Royalty Interest;

Miscellaneous - \$10.00

Total - \$11,000

ARTICLE 3- EFFECTIVE DATE

Section 3.1 – Effective Date

The Effective Date of this Agreement shall be May 1, 2019.

Section 3.2 – Adjustments and Audit

Any adjustments relating to this Agreement shall be made effective May 1, 2019.

A. Adjustment Statements - Adjustments between the Transferor and the Transferees under the Agreement will be effected as follows:

(1) unless otherwise agreed by the Parties, the Transferor will provide the Transferees with an interim statement setting forth in reasonable detail the adjustments proposed to be made at Closing not later than three Business Days prior to the Closing Time, based on the Transferor's

good faith estimate of the costs and expenses paid by the Transferor prior to Closing, the revenues received by the Transferor prior to Closing and other relevant information available to the Transferor at that time, and

(2) within the six month period after the Closing Time, the Transferor will prepare, on the basis of information available at that time and with input from the Transferees, a written final statement of all adjustments and revenues to be made under the Agreement, with the net amount thereof to be remitted by the Party required to make payment within 30 days after receipt of that statement, without prejudice to the other rights of that Party under the Agreement to verify that amount.

The Transferor will provide reasonable assistance to the Transferees to assist it to verify the amounts set forth in a statement delivered to the Transferees under this Subsection A. (2). There will be no interest payable on adjustments.

ARTICLE 4 - REPRESENTATIONS AND WARRANTIES OF THE TRANSFEROR

The Transferor represents and warrants to the Transferees as stated below and acknowledges that the Transferees is relying on the accuracy of each such representation and warranty in entering into this Agreement and completing the Purchase.

Section 4.1 – General Matters

(1) **Enforceability.** This Agreement has been duly and validly executed and delivered by the Transferor and is a valid and legally binding obligation of the Transferor enforceable against the Transferor in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency and other laws affecting creditors' rights generally and to general principles of equity.

(2) **Residence.** The Transferor is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).

Section 4.2 – Ownership of Royalty

No Other Purchase Agreements. No Person has any agreement, option, understanding or commitment, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, for the purchase of any interest in or relating to the Royalty from the Transferor.

ARTICLE 5 – REPRESENTATIONS AND WARRANTIES OF THE TRANSFEREES

The Transferees represent and warrant to the Transferor as stated below and acknowledges that the Transferor is relying on the accuracy of each such representation and warranty in entering into this Agreement and completing the Purchase.

Section 5.1 - Enforceability

This Agreement has been duly and validly executed and delivered by each of the Transferees and is a valid and legally binding agreement of each of the Transferees enforceable against each of the Transferees in accordance with its terms, subject, as to enforcement, to

bankruptcy, insolvency and other laws affecting creditors' rights generally and to general principles of equity.

ARTICLE 6– NOTICE TO ROYALTY PAYOR

Section 6.1 Notice

The Transferor shall give written notice of this transaction to Cenovus Energy Inc. (“Cenovus”) in Calgary, Alberta, and shall provide such additional assistance to the Transferees to cause Cenovus to recognize the Transferees as the owners of the Royalty as the Transferees shall reasonably require, at the Transferees' cost and expense.

ARTICLE 7– SURVIVAL AND INDEMNIFICATION

Section 7.1 - Survival

The representations, warranties and obligations contained in this Agreement or in any document delivered hereunder shall survive the closing of the transaction contemplated by this Agreement for a period of 12 months thereafter.

Section 7.2 - Indemnification by the Transferees

(1) Effective as of the date hereof, the Transferees hereby assume all liability related in any way to the ownership of the Royalty, whether under the Royalty Agreement or otherwise, and agrees to indemnify, defend and save harmless the Transferor from and against any and all loss, liability, cost, or expense whatsoever suffered or incurred by it in relation to the Royalty and accruing after the date hereof.

ARTICLE 8– MISCELLANEOUS

Section 8.1 - Further Assurances

Each party shall from time to time promptly execute and deliver all further documents and take all further action necessary or appropriate to give effect to the provisions and intent of this Agreement and to complete the Purchase.

Section 8.2 - Notice

Unless otherwise specified, each Notice to a party must be given in writing and delivered personally or by courier, sent by prepaid registered mail, sent by fax or other electronic means of written communication to the party to the following address, fax numbers or e-mail addresses or to any other address, fax number, e-mail address or person that the party designates in writing.

Stikine Resources Ltd.

104 Gleneagles Estates Lane
Cochrane, AB T4C 2H7

Attention: C. Bogle

CBogle0003@gmail.com

Kensington Royalty Corp.
#505, 1087 2 Avenue NW
Calgary, AB T2N 5B2
Attention: A. Gulamhussein
ayaz@kensingtonroyalty.ca

KPMG Inc.
Bow Valley Square II
Suite 3100, 205 5th Avenue SW
Calgary, AB T2P 4B9
Attention: Neil Honess/Cameron Browning
neilhoness@kmpg.ca/cbrowning@kmpg.ca

Any Notice shall be deemed to have been given:

- (a) on the date of delivery if delivered personally or by courier on a Business Day, or if not on a Business Day, on the next Business Day following the date of delivery; or
- (b) on the third Business Day following the mailing thereof if mailed. In the event of a mail strike or postal interruption at any time during the currency of this Agreement, all Notices shall be delivered personally or by courier or sent by fax or other electronic means of written communication; or
- (c) at the completion of the transmission of any Notice sent by fax or other electronic means of written communication, if sent before 3:00 p.m. (Calgary time) on a Business Day, will be deemed to have been given on that Business Day, and if sent by fax or other electronic means of written communication after 3:00 p.m. (Calgary time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

To the extent that this Agreement requires that any Notice be delivered on a day other than a Business Day, such Notice will be deemed to be required to be delivered on the next succeeding Business Day.

Section 8.3 - Closing

Closing shall occur on or before February 28, 2020 or as such other date as the parties hereto may agree upon in writing.

Section 8.4 Time

Time shall be of the essence of this Agreement.

Section 8.5 - Governing Law

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta, and each of the parties irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta.

Section 8.6 – Court Approval

This Agreement is conditional upon approval of its acceptance by KPMG Inc. and the Court of Queen’s Bench of Alberta.

Section 8.7 - Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter and supersedes all prior negotiations and understandings. No provision may be amended or waived except in writing.

Section 8.8 - Severability

Any provision of this Agreement which is invalid or unenforceable shall not affect any other provision and shall be deemed to be severable.

Section 8.9 - Enurement

This Agreement enures to the benefit of and binds the parties and their respective successors and permitted assigns.

Section 8.10 - Counterparts and Facsimile

This Agreement and any amendment, supplement, restatement or termination of any provision of this Agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument. A party’s transmission by facsimile of a copy of this Agreement duly executed by that party shall constitute effective delivery by that party of an executed copy of this Agreement to the party receiving the transmission.

— SIGNATURE PAGE FOLLOWS —

Agreed as of the day and year first above written.

Stikine Resources Ltd.

Kensington Royalty Corp.


Per: CAMERON BOGLE


Per: A. GULAMHUSSEIN

KPMG Inc.
Bankruptcy of Abacan Resource
Corporation

Per: NEIL HONESS

SCHEDULE A

ROYALTY AGREEMENT

ROYALTY SALE AGREEMENT

Made as of January 1, 2016

Between

Novare Holdings Ltd.
(the "Transferor")

and

KPMG Inc., the trustee in Bankruptcy for Abacan Resource Corporation

(the "Transferee")

RECITALS

A. The Transferor owns a gross royalty of 3% based on 10% of the gross monthly production of both crude oil, after separating and treating, natural gas and petroleum substances other than crude oil and natural gas produced from the NW ¼ of Section 29 Township 48 Range 12 West of the 5th Meridian, as to petroleum and natural gas below the base of the Shunda, payable to the Transferor pursuant to a Gross Overriding Royalty Agreement dated May 1, 1996 originally between Abacan Resource Corporation and Gulf Canada Resources Limited (the "GOR Agreement") (the "Royalty");

B. The Transferor and Transferee have agreed that the Transferor shall sell and assign the Royalty to the Transferee on the terms and conditions set out in this Agreement.

FOR VALUE RECEIVED, the parties agree as follows:

ARTICLE 1 – INTERPRETATION

Section 1.1 - Headings and References

The division of this Agreement into sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular section, subsection or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to "Sections" are to sections, subsections and further subdivisions of sections of this Agreement.

Section 1.2 - Currency

All references to currency or dollar amounts in this Agreement are to lawful currency of Canada.

ARTICLE 2 – TRANSFER

Section 2.1 - Transfer

The Transferor hereby sells, transfers and assigns all its right, title and interest in and relating to the Royalty to the Transferee, and the Transferee purchases the Royalty from the Transferor, and accepts such sale, transfer and assignment, effective as of 12:01 a.m., Calgary time, on the day and year of this Agreement, all upon and subject to the terms and conditions of this Agreement (the “Transfer”).

Section 2.2 – Payment

As consideration for the Transfer, the Transferee agrees to pay to the Transferor Ten Dollars (\$10.00) (the “Purchase Price”). The Transferee shall pay the Purchase Price by delivering a check from the Transferee to the Transferor concurrently with the Transferee’s execution and delivery of this Agreement

ARTICLE 3- REPRESENTATIONS AND WARRANTIES OF THE TRANSFEROR

The Transferor represents and warrants to the Transferee as stated below and acknowledges that the Transferee is relying on the accuracy of each such representation and warranty in entering into this Agreement and completing the Purchase.

Section 3.1 – General Matters

(1) **Enforceability.** This Agreement has been duly and validly executed and delivered by the Transferor and is a valid and legally binding obligation of the Transferor enforceable against the Transferor in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency and other laws affecting creditors’ rights generally and to general principles of equity.

(2) **Residence.** The Transferor is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).

Section 3.2 – Ownership of Royalty

No Other Purchase Agreements. No Person has any agreement, option, understanding or commitment, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, for the purchase of any interest in or relating to the Royalty from the Transferor.

ARTICLE 4 – REPRESENTATIONS AND WARRANTIES OF THE TRANSFEE

The Transferee represents and warrants to the Transferor as stated below and acknowledges that the Transferor is relying on the accuracy of each such representation and warranty in entering into this Agreement and completing the Purchase.

Section 4.1 - Enforceability

This Agreement has been duly and validly executed and delivered by the Transferee and is a valid and legally binding agreement of the Transferee enforceable against the Transferee in

accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency and other laws affecting creditors' rights generally and to general principles of equity.

ARTICLE 5– NOTICE TO ROYALTY PAYOR

Section 5.1 Notice

The Transferor shall give written notice of this transaction to Cenovus Energy (“Cenovus”) in Calgary, Alberta, and shall provide such additional assistance to the Transferee to cause ~~Cenovus~~ to recognize the Transferee as the owner of the Royalty as the Transferee shall reasonably require, at the Transferee’s cost and expense.

ARTICLE 6– SURVIVAL AND INDEMNIFICATION

Section 6.1 - Survival

The representations, warranties and obligations contained in this Agreement or in any document delivered hereunder shall survive the closing of the transaction contemplated by this Agreement for a period of 12 months thereafter.

Section 6.2 - Indemnification by the Transferee

(1) Effective as of the date hereof, the Transferee hereby assumes all liability related in any way to the ownership of the Royalty, whether under the Royalty Agreement or otherwise, and agrees to indemnify, defend and save harmless the Transferor from and against any and all loss, liability, cost, or expense whatsoever suffered or incurred by it in relation to the Royalty and accruing after the date hereof.

ARTICLE 7– MISCELLANEOUS

Section 7.1 - Further Assurances

Each party shall from time to time promptly execute and deliver all further documents and take all further action necessary or appropriate to give effect to the provisions and intent of this Agreement and to complete the Purchase.

Section 7.2 - Notice

Unless otherwise specified, each Notice to a party must be given in writing and delivered personally or by courier, sent by prepaid registered mail, sent by fax or other electronic means of written communication to the party to the following address, fax numbers or e-mail addresses or to any other address, fax number, e-mail address or Person that the party designates in writing.

Novare Holdings Ltd.
2050, 736 – 6 Avenue SW
Calgary, AB T2P 3T7
Attention: N.J. Inlow

**KPMG Inc. in its capacity as Trustee for the
estate of Abacan Resource Corporation**
3100, 205 – 5 Avenue SW
Calgary, AB T2P 4B9
Attention: Neil Honess

Any Notice shall be deemed to have been given:

- (a) on the date of delivery if delivered personally or by courier on a Business Day, or if not on a Business Day, on the next Business Day following the date of delivery; or
- (b) on the third Business Day following the mailing thereof if mailed. In the event of a mail strike or postal interruption at any time during the currency of this Agreement, all Notices shall be delivered personally or by courier or sent by fax or other electronic means of written communication; or
- (c) at the completion of the transmission of any Notice sent by fax or other electronic means of written communication, if sent before 3:00 p.m. (Calgary time) on a Business Day, will be deemed to have been given on that Business Day, and if sent by fax or other electronic means of written communication after 3:00 p.m. (Calgary time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

To the extent that this Agreement requires that any Notice be delivered on a day other than a Business Day, such Notice will be deemed to be required to be delivered on the next succeeding Business Day.

Section 7.3 - Time

Time shall be of the essence of this Agreement.

Section 7.4 - Governing Law

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta, and each of the parties irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta.

Section 7.5 - Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter and supersedes all prior negotiations and understandings. No provision may be amended or waived except in writing.

Section 7.6 - Severability

Any provision of this Agreement which is invalid or unenforceable shall not affect any other provision and shall be deemed to be severable.

Section 7.7 - Enurement

This Agreement enures to the benefit of and binds the parties and their respective successors and permitted assigns.

Section 7.8 - Counterparts and Facsimile

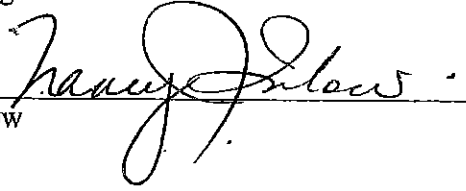
This Agreement and any amendment, supplement, restatement or termination of any provision of this Agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument. A party's transmission by facsimile of a copy of this Agreement duly executed by that party shall constitute effective delivery by that party of an executed copy of this Agreement to the party receiving the transmission.

— SIGNATURE PAGE FOLLOWS —

Agreed as of the day and year first above written.

Novare Holdings Ltd.

Per: N.J. Inlow



Abacan Resource Corporation

Per: Neil Honess



KPMG Inc, Trustee of Abacan Resource Corporation and not in its personal or corporate capacity.